

**STATE OF SOUTH CAROLINA
THE PUBLIC SERVICE COMMISSION
COLUMBIA**

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET No. 2016-398-E

In the Matter of)	
Application of Duke Energy Progress, LLC for)	REPORT OF ISSUE AND SALE
Authorization to Issue and Sell Securities)	


Pursuant to Order No. 2017-63 issued by the Commission in Docket No. 2016-398-E, on February 10, 2017, Duke Energy Progress, LLC (the “Company”) reports that on March 7, 2019, it issued, sold and delivered to Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC, and Wells Fargo Securities, LLC, as Agents for the underwriters, \$600,000,000 aggregate principal amount of First Mortgage Bonds, 3.45% Series due 2029 (the “Bonds”). The price to the public for the Bonds was 99.588% of the principal amount thereof. The yield to the public of the Bonds is 3.499%. The commission paid to the underwriters of the Bonds was \$3,900,000, less a reimbursement of \$1,200,000, resulting in a net commission of \$2,700,000. The net proceeds realized from the issuance, sale and delivery of the Bonds were \$593,628,000, before expenses and the underwriters’ reimbursement. The net proceeds from the sale of the Bonds will be used to pay or reimburse the payment of, in whole or in part, existing and new “Eligible Green Expenditures,” which are expenditures associated with solar energy investments, including expenditures relating to the development, construction, acquisition and operations of solar projects; power purchase agreements for the procurement of solar energy; and rebates for rooftop solar power installations. Expenses incurred in connection with the issuance and sale of the Bonds were estimated to be \$582,000. Immediately following the issuance of the Bonds, there were \$600,000,000 of securities available for issuance pursuant to Order No. 2017-63.

In conjunction with the issuance of the Bonds, the Company settled \$400,000,000 notional amount of 10-year Treasury locks for a loss of \$7,309,308. This loss will be amortized over the life of the Bonds.

The Company files herewith copies of the Eighty-Ninth Supplemental Indenture, dated as of March 1, 2019, and the Underwriting Agreement, dated March 4, 2019, in the final forms in which the same were executed and delivered, marked Exhibits A and B respectively.

Respectfully submitted this 2nd day of April, 2019.

DUKE ENERGY PROGRESS, LLC

By: 
Robert T. Lucas III
Assistant Secretary
Duke Energy Progress, LLC

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG)

Sworn to and subscribed before me,
this 2nd day of April, 2019




Notary Public

My Commission expires: 06/08/2020

EXHIBIT A

EX-4.1 2 a19-5308_4ex4d1.htm EX-4.1

Exhibit 4.1

Counterpart of 75 Counterparts

DUKE ENERGY PROGRESS, LLC
(formerly Duke Energy Progress, Inc.)

TO

THE BANK OF NEW YORK MELLON
(formerly The Bank of New York (formerly Irving Trust Company))

AND

CHRISTIE LEPPERT
(successor to Frederick G. Herbst, Richard H. West, J.A. Austin, E.J. McCabe,
G. White, D.W. May, J.A. Vaughan, Joseph J. Arney, Wafaa Orfy,
W.T. Cunningham, Douglas J. MacInnes, Ming Ryan and Tina D. Gonzalez)

*as Trustees under Duke Energy Progress, LLC's
Mortgage and Deed of Trust, dated as of May 1, 1940*

Eighty-ninth Supplemental Indenture

Providing among other things for
First Mortgage Bonds, 3.45% Series due 2029 (One Hundred-fourth Series)
Dated as of March 1, 2019

Prepared by and Return to:
Hunton Andrews Kurth LLP
c/o Brendan P. Harney
200 Park Avenue, 52nd Floor
New York, New York 10166

EIGHTY-NINTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of March 1, 2019, by and between DUKE ENERGY PROGRESS, LLC (formerly Duke Energy Progress, Inc.), a limited liability company of the State of North Carolina, whose post office address is 410 South Wilmington Street, Raleigh, North Carolina 27601-1748 (hereinafter sometimes referred to as the “Company”), and THE BANK OF NEW YORK MELLON (formerly The Bank of New York (formerly Irving Trust Company)), a corporation of the State of New York, whose post office address is 101 Barclay Street, New York, New York 10286 (hereinafter sometimes referred to as the “Corporate Trustee”), and CHRISTIE LEPPERT (successor to Frederick G. Herbst, Richard H. West, J.A. Austin, E.J. McCabe, G. White, D.W. May, J.A. Vaughan, Joseph J. Arney, Wafaa Orfy, W.T. Cunningham, Douglas J. MacInnes, Ming Ryan and Tina D. Gonzalez), whose post office address is 10161 Centurion Parkway, Jacksonville, Florida 32256 (hereinafter sometimes referred to as the “Individual Trustee”; the Corporate Trustee and the Individual Trustee being hereinafter together sometimes referred to as the “Trustees”), as Trustees under the Mortgage and Deed of Trust, dated as of May 1, 1940 (hereinafter referred to as the “Original Mortgage” and, as supplemented from time to time by the eighty-eight supplemental indentures mentioned below, by this Indenture, and by all other indentures, if any, supplemental to the Original Mortgage, hereinafter referred to as the “Mortgage”), which Original Mortgage was executed and delivered by the Company to Irving Trust Company (now The Bank of New York Mellon) and Frederick G. Herbst to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Original Mortgage, reference to which Original Mortgage is hereby made, this Indenture (hereinafter sometimes referred to as the “Eighty-ninth Supplemental Indenture”) being supplemental thereto:

WHEREAS, the Original Mortgage was recorded in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, the Original Mortgage was indexed and cross-indexed in the real and chattel mortgage records in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, an instrument, dated as of June 25, 1945, was executed by the Company appointing Richard H. West as Individual Trustee in succession to said Frederick G. Herbst (deceased) under the Original Mortgage, as theretofore supplemented, and by Richard H. West accepting said appointment, which instrument was recorded in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, an instrument, dated as of December 12, 1957, was executed by the Company appointing J.A. Austin as Individual Trustee in succession to said Richard H. West (resigned) under the Original Mortgage, as theretofore supplemented, and by J.A. Austin accepting said appointment, which instrument was recorded in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, an instrument, dated as of April 15, 1966, was executed by the Company appointing E.J. McCabe as Individual Trustee in succession to said J.A. Austin (resigned) under the Original Mortgage, as theretofore supplemented, and by E.J. McCabe accepting said appointment, which instrument was recorded in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, by the Seventeenth Supplemental Indenture mentioned below, the Company, among other things, appointed G. White as Individual Trustee in succession to said E.J. McCabe (resigned), and G. White accepted said appointment; and

WHEREAS, by the Nineteenth Supplemental Indenture mentioned below, the Company, among other things, appointed D.W. May as Individual Trustee in succession to said G. White (resigned), and D.W. May accepted said appointment; and

WHEREAS, by the Thirty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed J.A. Vaughan as Individual Trustee in succession to said D.W. May (resigned), and J.A. Vaughan accepted said appointment; and

WHEREAS, an instrument, dated as of June 27, 1988, was executed by the Company appointing Joseph J. Arney as Individual Trustee in succession to said J.A. Vaughan (resigned) under the Original Mortgage, as theretofore supplemented, and by Joseph J. Arney accepting said appointment, which instrument was recorded in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, by the Forty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed Wafaa Orfy as Individual Trustee in succession to said Joseph J. Arney (resigned), and Wafaa Orfy accepted said appointment; and

WHEREAS, by the Forty-ninth Supplemental Indenture mentioned below, the Company, among other things, appointed W.T. Cunningham as Individual Trustee in succession to said Wafaa Orfy (resigned), and W.T. Cunningham accepted said appointment; and

WHEREAS, by the Sixty-sixth Supplemental Indenture mentioned below, the Company, among other things, appointed Douglas J. MacInnes as Individual Trustee in succession to said W.T. Cunningham (resigned), and Douglas J. MacInnes accepted said appointment; and

WHEREAS, by the Seventy-sixth Supplemental Indenture mentioned below, the Company, among other things, appointed Ming Ryan as Individual Trustee in succession to said Douglas J. MacInnes (resigned), and Ming Ryan accepted said appointment; and

WHEREAS, by the Seventy-ninth Supplemental Indenture mentioned below, the Company, among other things, appointed Tina D. Gonzalez as Individual Trustee in succession to said Ming Ryan (resigned), and Tina D. Gonzalez accepted said appointment; and

WHEREAS, by the Eighty-seventh Supplemental Indenture mentioned below, the Company, among other things, appointed Christie Leppert as Individual Trustee in succession to said Tina D. Gonzalez (resigned), and Christie Leppert accepted said appointment; and

WHEREAS, such instruments were indexed and cross-indexed in the real and chattel mortgage records in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, effective January 1, 2003, the Company began doing business under the name Progress Energy Carolinas, Inc., without changing the legal name of the Company; and certificates of doing business by the Company under such name were recorded in all counties in the States of North Carolina and South Carolina in which this Eighty-ninth Supplemental Indenture is to be recorded and were filed and indexed and cross-indexed in the real property records in each of such counties; and

WHEREAS, effective April 29, 2013, the Company changed its name to Duke Energy Progress, Inc. and evidence of such name change was (i) recorded in all counties in the States of North Carolina and South Carolina in which this Eighty-ninth Supplemental Indenture is to be recorded and (ii) filed and indexed and cross-indexed in the real property records in each of such counties; and

WHEREAS, the Company converted its form of organization effective August 1, 2015 from a North Carolina corporation to a North Carolina limited liability company named "Duke Energy Progress, LLC," and evidence of such conversion was (i) recorded in all counties in the States of North Carolina and South Carolina in which this Eighty-ninth Supplemental Indenture is to be recorded and (ii) filed and indexed and cross-indexed in the real property records in each of such counties; and

WHEREAS, by the Original Mortgage, the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Original Mortgage any property thereafter acquired intended to be subject to the lien thereof; and

WHEREAS, for said purposes, among others, the Company executed and delivered to the Trustees the following supplemental indentures:

Designation	Dated as of
First Supplemental Indenture	January 1, 1949
Second Supplemental Indenture	December 1, 1949
Third Supplemental Indenture	February 1, 1951
Fourth Supplemental Indenture	October 1, 1952
Fifth Supplemental Indenture	March 1, 1958
Sixth Supplemental Indenture	April 1, 1960
Seventh Supplemental Indenture	November 1, 1961
Eighth Supplemental Indenture	July 1, 1964
Ninth Supplemental Indenture	April 1, 1966
Tenth Supplemental Indenture	October 1, 1967
Eleventh Supplemental Indenture	October 1, 1968
Twelfth Supplemental Indenture	January 1, 1970
Thirteenth Supplemental Indenture	August 1, 1970
Fourteenth Supplemental Indenture	January 1, 1971
Fifteenth Supplemental Indenture	October 1, 1971
Sixteenth Supplemental Indenture	May 1, 1972
Seventeenth Supplemental Indenture	May 1, 1973
Eighteenth Supplemental Indenture	November 1, 1973
Nineteenth Supplemental Indenture	May 1, 1974
Twentieth Supplemental Indenture	December 1, 1974
Twenty-first Supplemental Indenture	April 15, 1975
Twenty-second Supplemental Indenture	October 1, 1977
Twenty-third Supplemental Indenture	June 1, 1978
Twenty-fourth Supplemental Indenture	May 15, 1979
Twenty-fifth Supplemental Indenture	November 1, 1979
Twenty-sixth Supplemental Indenture	November 1, 1979
Twenty-seventh Supplemental Indenture	April 1, 1980
Twenty-eighth Supplemental Indenture	October 1, 1980
Twenty-ninth Supplemental Indenture	October 1, 1980
Thirtieth Supplemental Indenture	December 1, 1982
Thirty-first Supplemental Indenture	March 15, 1983
Thirty-second Supplemental Indenture	March 15, 1983
Thirty-third Supplemental Indenture	December 1, 1983
Thirty-fourth Supplemental Indenture	December 15, 1983
Thirty-fifth Supplemental Indenture	April 1, 1984
Thirty-sixth Supplemental Indenture	June 1, 1984
Thirty-seventh Supplemental Indenture	June 1, 1984
Thirty-eighth Supplemental Indenture	June 1, 1984
Thirty-ninth Supplemental Indenture	April 1, 1985

Designation	Dated as of
Fortieth Supplemental Indenture	October 1, 1985
Forty-first Supplemental Indenture	March 1, 1986
Forty-second Supplemental Indenture	July 1, 1986
Forty-third Supplemental Indenture	January 1, 1987
Forty-fourth Supplemental Indenture	December 1, 1987
Forty-fifth Supplemental Indenture	September 1, 1988
Forty-sixth Supplemental Indenture	April 1, 1989
Forty-seventh Supplemental Indenture	August 1, 1989
Forty-eighth Supplemental Indenture	November 15, 1990
Forty-ninth Supplemental Indenture	November 15, 1990
Fiftieth Supplemental Indenture	February 15, 1991
Fifty-first Supplemental Indenture	April 1, 1991
Fifty-second Supplemental Indenture	September 15, 1991
Fifty-third Supplemental Indenture	January 1, 1992
Fifty-fourth Supplemental Indenture	April 15, 1992
Fifty-fifth Supplemental Indenture	July 1, 1992
Fifty-sixth Supplemental Indenture	October 1, 1992
Fifty-seventh Supplemental Indenture	February 1, 1993
Fifty-eighth Supplemental Indenture	March 1, 1993
Fifty-ninth Supplemental Indenture	July 1, 1993
Sixtieth Supplemental Indenture	July 1, 1993
Sixty-first Supplemental Indenture	August 15, 1993
Sixty-second Supplemental Indenture	January 15, 1994
Sixty-third Supplemental Indenture	May 1, 1994
Sixty-fourth Supplemental Indenture	August 15, 1997
Sixty-fifth Supplemental Indenture	April 1, 1998
Sixty-sixth Supplemental Indenture	March 1, 1999
Sixty-seventh Supplemental Indenture	March 1, 2000
Sixty-eighth Supplemental Indenture	April 1, 2000
Sixty-ninth Supplemental Indenture	June 1, 2000
Seventieth Supplemental Indenture	July 1, 2000
Seventy-first Supplemental Indenture	February 1, 2002
Seventy-second Supplemental Indenture	September 1, 2003
Seventy-third Supplemental Indenture	March 1, 2005
Seventy-fourth Supplemental Indenture	November 1, 2005
Seventy-fifth Supplemental Indenture	March 1, 2008
Seventy-sixth Supplemental Indenture	January 1, 2009
Seventy-seventh Supplemental Indenture	June 18, 2009
Seventy-eighth Supplemental Indenture	September 1, 2011
Seventy-ninth Supplemental Indenture	May 1, 2012
Eightieth Supplemental Indenture	March 1, 2013
Eighty-first Supplemental Indenture	June 1, 2013
Eighty-second Supplemental Indenture	March 1, 2014
Eighty-third Supplemental Indenture	November 1, 2014
Eighty-fourth Supplemental Indenture	August 1, 2015
Eighty-fifth Supplemental Indenture	August 1, 2015
Eighty-sixth Supplemental Indenture	September 1, 2016
Eighty-seventh Supplemental Indenture	September 1, 2017
Eighty-eighth Supplemental Indenture	August 1, 2018

which supplemental indentures (other than said Sixty-fifth Supplemental Indenture and said Sixty-seventh Supplemental Indenture) were recorded in various Counties in the States of North Carolina and South Carolina, and were indexed and cross-indexed in the real and chattel mortgage or security interest records in various Counties in the States of North Carolina and South Carolina; and

WHEREAS, no recording or filing of said Sixty-fifth Supplemental Indenture in any manner or place is required by law in order to fully preserve and protect the security of the bondholders and all rights of the Trustees or is necessary to make effective the lien intended to be created by the Original Mortgage or said Sixty-fifth Supplemental Indenture; and said Sixty-seventh Supplemental Indenture was recorded only in Rowan County, North Carolina to make subject to the lien of the Mortgage certain property of the Company located in said County intended to be subject to the lien of the Original Mortgage, all in accordance with Section 42 of the Mortgage; and

WHEREAS, the Original Mortgage and said First through Eighty-eighth Supplemental Indentures (other than said Sixty-fifth and said Sixty-seventh Supplemental Indentures) were or are to be recorded in all Counties in the States of North Carolina and South Carolina in which this Eighty-ninth Supplemental Indenture is to be recorded; and

WHEREAS, in addition to the property described in the Original Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Original Mortgage, as from time to time then supplemented, the following series of First Mortgage Bonds:

Series	Principal Amount Issued	Principal Amount Outstanding
3-3/4% Series due 1965	\$ 46,000,000	None
3-1/8% Series due 1979	20,100,000	None
3-1/4% Series due 1979	43,930,000	None
2-7/8% Series due 1981	15,000,000	None
3-1/2% Series due 1982	20,000,000	None
4-1/8% Series due 1988	20,000,000	None
4-7/8% Series due 1990	25,000,000	None
4-1/2% Series due 1991	25,000,000	None
4-1/2% Series due 1994	30,000,000	None
5-1/8% Series due 1996	30,000,000	None
6-3/8% Series due 1997	40,000,000	None
6-7/8% Series due 1998	40,000,000	None
8-3/4% Series due 2000	40,000,000	None
8-3/4% Series due August 1, 2000	50,000,000	None
7-3/8% Series due 2001	65,000,000	None
7-3/4% Series due October 1, 2001	70,000,000	None
7-3/4% Series due 2002	100,000,000	None
7-3/4% Series due 2003	100,000,000	None
8-1/8% Series due November 1, 2003	100,000,000	None
9-3/4% Series due 2004	125,000,000	None
11-1/8% Series due 1994	50,000,000	None
11% Series due April 15, 1984	100,000,000	None
8-1/2% Series due October 1, 2007	100,000,000	None
9-1/4% Series due June 1, 2008	100,000,000	None
10-1/2% Series due May 15, 2009	125,000,000	None
12-1/4% Series due November 1, 2009	100,000,000	None
Pollution Control Series A	63,000,000	None
14-1/8% Series due April 1, 1987	125,000,000	None
Pollution Control Series B	50,000,000	None
Pollution Control Series C	6,000,000	None
11-5/8% Series due December 1, 1992	100,000,000	None

Series	Principal Amount Issued	Principal Amount Outstanding
Pollution Control Series D	48,485,000	None
Pollution Control Series E	5,970,000	None
12-7/8% Series due December 1, 2013	100,000,000	None
Pollution Control Series F	34,700,000	None
13-3/8% Series due April 1, 1994	100,000,000	None
Pollution Control Series G	122,615,000	None
Pollution Control Series H	70,000,000	None
Pollution Control Series I	70,000,000	None
Pollution Control Series J	6,385,000	None
Pollution Control Series K	2,580,000	None
Extendible Series due April 1, 1995	125,000,000	None
11-3/4% Series due October 1, 2015	100,000,000	None
8-7/8% Series due March 1, 2016	100,000,000	None
8-1/8% Series due July 1, 1996	125,000,000	None
8-1/2% Series due January 1, 2017	100,000,000	None
9.174% Series due December 1, 1992	100,000,000	None
9% Series due September 1, 1993	100,000,000	None
9.60% Series due April 1, 1991	100,000,000	None
Secured Medium-Term Notes, Series A	200,000,000	None
8-1/8% Series due November 15, 1993	100,000,000	None
Secured Medium-Term Notes, Series B	100,000,000	None
8-7/8% Series due February 15, 2021	125,000,000	None
9% Series due April 1, 2022	100,000,000	None
8-5/8% Series due September 15, 2021	100,000,000	\$ 100,000,000
5.20% Series due January 1, 1995	125,000,000	None
7-7/8% Series due April 15, 2004	150,000,000	None
8.20% Series due July 1, 2022	150,000,000	None
6-3/4% Series due October 1, 2002	100,000,000	None
6-1/8% Series due February 1, 2000	150,000,000	None
7-1/2% Series due March 1, 2023	150,000,000	None
5-3/8% Series due July 1, 1998	100,000,000	None
Secured Medium-Term Notes, Series C	200,000,000	None
6-7/8% Series due August 15, 2023	100,000,000	None
5-7/8% Series due January 15, 2004	150,000,000	None
Pollution Control Series L	72,600,000	72,600,000
Pollution Control Series M	50,000,000	50,000,000
6.80% Series due August 15, 2007	200,000,000	None
5.95% Senior Note Series due March 1, 2009	400,000,000	None
7.50% Senior Note Series due April 1, 2005	300,000,000	None
Pollution Control Series N	67,300,000	None
Pollution Control Series O	55,640,000	None
Pollution Control Series P	50,000,000	50,000,000
Pollution Control Series Q	50,000,000	50,000,000
Pollution Control Series R	45,600,000	45,600,000
Pollution Control Series S	41,700,000	41,700,000
Pollution Control Series T	50,000,000	50,000,000
Pollution Control Series U	50,000,000	50,000,000
Pollution Control Series V	87,400,000	87,400,000
Pollution Control Series W	48,485,000	None
5.125% Series due 2013	400,000,000	None
6.125% Series due 2033	200,000,000	200,000,000
5.15% Series due 2015	300,000,000	None
5.70% Series due 2035	200,000,000	200,000,000

Series	Principal Amount Issued	Principal Amount Outstanding
5.25% Series due 2015	400,000,000	None
6.30% Series due 2038	325,000,000	325,000,000
5.30% Series due 2019	600,000,000	None
3.00% Series due 2021	500,000,000	500,000,000
2.80% Series due 2022	500,000,000	500,000,000
4.10% Series due 2042	500,000,000	500,000,000
4.10% Series due 2043	500,000,000	500,000,000
Pollution Control Series X	48,485,000	48,485,000
Floating Rate Series due 2017	250,000,000	None
4.375% Series due 2044	400,000,000	400,000,000
Second Floating Rate Series due 2017	200,000,000	None
4.15% Series due 2044	500,000,000	500,000,000
3.25% Series due 2025	500,000,000	500,000,000
4.20% Series due 2045	700,000,000	700,000,000
3.70% Series due 2046	450,000,000	450,000,000
Floating Rate Series due 2020	300,000,000	300,000,000
3.60% Series due 2047	500,000,000	500,000,000
3.375% Series due 2023	300,000,000	300,000,000
3.700% Series due 2028	500,000,000	500,000,000

which bonds are herein sometimes referred to as bonds of the First through One Hundred-third Series, respectively; and

WHEREAS, Section 8 of the Original Mortgage, as heretofore supplemented, provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as said Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Original Mortgage, as heretofore supplemented, provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein, or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create one new series of bonds and to add to its covenants and agreements contained in the Original Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it; and

WHEREAS, the execution and delivery by the Company of this Eighty-ninth Supplemental Indenture, and the terms of the bonds of the One Hundred-fourth Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Company, in consideration of the premises and of One Dollar to it duly paid by the Trustees at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Original Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Original Mortgage, as heretofore supplemented) unto The Bank of New York Mellon and Christie Leppert, as Trustees under the Mortgage, and to their successor or successors in said trust, and to said Trustees and their successors and assigns forever, all the following described properties of the Company:

All electric generating plants, stations, transmission lines, and electric distribution systems, including permanent improvements, extensions or additions to or about such electrical plants, stations, transmission lines and distribution systems of the Company; all dams, power houses, power sites, buildings, generators, reservoirs, pipe lines, flumes, structures and works; all substations, transformers, switchboards, towers, poles, wires, insulators, and other appliances and equipment, and the Company's rights or interests in the land upon which the same are situated, and all other property, real or personal, forming a part of or appertaining to, or used, occupied or enjoyed in connection with said generating plants, stations, transmission lines, and distribution systems; together with all rights of way, easements, permits, privileges, franchises and rights for or related to the construction, maintenance, or operation thereof, through, over, under or upon any public streets or highways, or the public lands of the United States, or of any State or other lands; and all water appropriations and water rights, permits and privileges; including all property, real, personal, and mixed, acquired by the Company after the date of the execution and delivery of the Original Mortgage, in addition to property covered by the above-mentioned supplemental indentures (except any herein or in the Original Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Eighty-ninth Supplemental Indenture) all lands, power sites, flowage rights, water rights, flumes, raceways, dams, rights of way and roads; all steam and power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, steam heat and hot water plants, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, street and interurban railway systems, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric and gas machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam, heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels and choses in action; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose including poles, wires, cables, pipes, conduits,

ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Original Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Original Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Original Mortgage, as heretofore supplemented) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Original Mortgage, as heretofore supplemented, all the property, rights, and franchises acquired by the Company after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted) shall be and are as fully granted and conveyed hereby and as fully embraced within the lien hereof and the lien of the Original Mortgage as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

PROVIDED THAT the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this Eighty-ninth Supplemental Indenture and from the lien and operation of the Mortgage, namely: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; rolling stock, buses, motor coaches, vehicles and automobiles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or this Eighty-ninth Supplemental Indenture or covenanted so to be; (4) electric energy and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; (5) any property which does not constitute Property Additions, Funded Property or Funded Cash (each as defined in the Original Mortgage as supplemented) and (6) any property and rights heretofore released from the lien of the Original Mortgage, as heretofore supplemented; provided, however, that the property and rights expressly excepted from the lien and operation of the Original Mortgage, as heretofore supplemented, and this Eighty-ninth Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Mortgage by reason of the occurrence of a Default as defined in said Article XII.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto the Trustees, their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Original

Mortgage, as heretofore supplemented, this Eighty-ninth Supplemental Indenture being supplemental to the Original Mortgage.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and the Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors as Trustees of said property in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Original Mortgage and had been specifically and at length described in and conveyed to the Trustees by the Original Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successor or successors in such trust under the Mortgage as follows:

ARTICLE I ONE HUNDRED-FOURTH SERIES OF BONDS

SECTION 1. (A) There shall be a series of bonds designated "3.45% Series due 2029" (herein sometimes referred to as the "One Hundred-fourth Series"), which shall also bear the descriptive title "First Mortgage Bond", and the form thereof, which shall be established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the One Hundred-fourth Series shall be initially issued in the aggregate principal amount of \$600,000,000, mature on March 15, 2029, bear interest at the rate of 3.45% per annum, payable from March 7, 2019, if the date of said bonds is on or prior to September 15, 2019, or, if the date of said bonds is after September 15, 2019, from the March 15 or September 15 next preceding the date of said bonds, semi-annually on March 15 and September 15 of each year commencing on September 15, 2019, be issued as fully registered bonds in the denominations of Two Thousand Dollars and in any integral multiple of One Thousand Dollars in excess thereof and be dated as in Section 10 of the Mortgage provided, the principal of and interest on each said bond to be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Interest on bonds of the One Hundred-fourth Series will be computed on the basis of a 360-day year comprised of twelve 30-day months. If a due date for the payment of interest, principal or any Redemption Price (as defined below) on the bonds of the One Hundred-fourth Series, falls on a day that is not a Business Day, then the payment will be made on the next succeeding Business Day, and no interest will accrue on the amounts payable for the period from and after the original due date and until the next Business Day. The term "Business Day" means any day other than a Saturday or Sunday or day on which banking institutions in The City of New York are required or authorized to close.

(B) At any time on or after December 15, 2028 (the "Par Call Date"), the bonds of the One Hundred-fourth Series shall be redeemable at the option of the Company, or with the Proceeds of Released Property (as contemplated by clause (4) of Section 61 of the Mortgage), in whole or in part and from time to time, prior to maturity, upon notice as provided in Sections 52 and 54 of the Mortgage (given by mail or, if the bonds of the One Hundred-fourth Series are represented by one or more One Hundred-fourth Series Global Bonds (as hereinafter defined), given in accordance with the procedures of DTC (as hereinafter defined), not less than 30 days and not more than 90 days prior to the date fixed for redemption), at a redemption price equal to 100% of the principal amount of the bonds then Outstanding to be redeemed, plus in each case accrued but unpaid interest on such principal amount to, but excluding, such date fixed for redemption. At any time prior to the Par Call Date, the bonds of the One Hundred-

fourth Series shall be redeemable at the option of the Company, or with the Proceeds of Released Property (as contemplated by clause (4) of Section 61 of the Mortgage), in whole or in part and from time to time, upon notice as provided in Sections 52 and 54 of the Mortgage (given by mail or, if the bonds of the One Hundred-fourth Series are represented by one or more One Hundred-fourth Series Global Bonds (as hereinafter defined), given in accordance with the procedures of DTC (as hereinafter defined), not less than 30 days and not more than 90 days prior to the date fixed for redemption (together with the date fixed for redemption referred to in the preceding sentence, each a "Redemption Date")), at a redemption price (hereinafter sometimes referred to as the "Make-Whole Redemption Price" and, together with the redemption price referred to in the preceding sentence, each a "Redemption Price") equal to the greater of (i) 100% of the principal amount of the bonds then Outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such bonds being redeemed that would be due if such bonds matured on the Par Call Date, computed by discounting such payments, in each case, to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points, plus in either case accrued but unpaid interest on such principal amount to, but excluding, such Redemption Date. On and after any Redemption Date, if sufficient cash shall have been deposited with the Corporate Trustee (and/or if the Company has irrevocably directed the Corporate Trustee to apply, from moneys held by it available to be used for the redemption of bonds, sufficient cash) to redeem all of the bonds of the One Hundred-fourth Series called for redemption, interest on the bonds of the One Hundred-fourth Series, or the portions of them so called for redemption, shall cease to accrue.

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the bonds of the One Hundred-fourth Series to be redeemed (assuming, for this purpose, that the bonds of the One Hundred-fourth Series matured on the Par Call Date), that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such bonds of the One Hundred-fourth Series.

"Comparable Treasury Price" means, with respect to any Redemption Date, (A) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Quotation Agent obtains fewer than four of such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations as determined by the Company.

"Quotation Agent" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC and Wells Fargo Securities, LLC, plus one other financial institution appointed by the Company at the time of any redemption, or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted

in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

In case of a redemption of only a part of the bonds of the One Hundred-fourth Series, absent any written agreement of the registered holders of all of the bonds of the One Hundred-fourth Series satisfactory to the Corporate Trustee specifying the particular bonds of the One Hundred-fourth Series to be redeemed, the Corporate Trustee shall draw by lot, according to such method as it shall deem proper in its discretion, the particular bonds of the One Hundred-fourth Series, or portions of them, to be redeemed, provided, that if the bonds of the One Hundred-fourth Series are represented by one or more One Hundred-fourth Series Global Bonds, interests in the bonds of the One Hundred-fourth Series shall be selected for redemption by DTC in accordance with its standard procedures therefor.

In case of any bonds of the One Hundred-fourth Series called for redemption in whole or in part prior to the Par Call Date, the Company shall deliver to the Corporate Trustee promptly upon its calculation thereof, but in any event prior to the related Redemption Date, a Treasurer's Certificate setting forth its calculation of the Make-Whole Redemption Price applicable to such redemption. The Corporate Trustee shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon the Company's calculation of any Make-Whole Redemption Price of the bonds of the One Hundred-fourth Series.

In lieu of stating any Make-Whole Redemption Price, notices of redemption of the bonds of the One Hundred-fourth Series called for redemption in whole or in part shall state substantially the following: "The redemption price of the bonds to be redeemed shall equal the greater of (i) 100% of the principal amount of the bonds then Outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon being redeemed that would be due if such bonds matured on the Par Call Date, computed by discounting such payments, in each case, to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Eighty-ninth Supplemental Indenture) plus 15 basis points, plus in each case accrued but unpaid interest on the principal amount thereof called for redemption to, but excluding, the Redemption Date."

Except as provided herein, Article X of the Mortgage shall apply to redemptions of bonds of the One Hundred-fourth Series.

(C) Subject to the provisions set forth below with respect to One Hundred-fourth Series Global Bonds, at the option of the registered owner, any bonds of the One Hundred-fourth Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations. The bonds of the One Hundred-fourth Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage or agreement with respect thereto.

Subject to the provisions set forth below with respect to One Hundred-fourth Series Global Bonds, bonds of the One Hundred-fourth Series shall be transferable upon the surrender thereof for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the One Hundred-fourth Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge

required to be paid by the Company, as provided in Section 12 of the Mortgage, but the Company hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of said Series.

(D) The bonds of the One Hundred-fourth Series shall be issued in registered form without coupons and shall be issued initially in the form of one or more global bonds (each such global bond hereinafter sometimes referred to as a "One Hundred-fourth Series Global Bond") to or on behalf of The Depository Trust Company (hereinafter sometimes referred to as "DTC"), as depository therefor, and registered in the name of such depository or its nominee. Any bonds of the One Hundred-fourth Series to be issued or transferred to, or to be held by or on behalf of DTC as such depository or such nominee (or any successor of such depository or nominee) for such purpose shall bear the depository legends as required or otherwise agreed to by the Corporate Trustee and the Company, and in the case of a successor depository, such legend or legends as such depository and/or the Company shall require and to which each shall agree, in each case such agreement to be confirmed in writing to the Corporate Trustee. Notwithstanding any other provision in this Eighty-ninth Supplemental Indenture, payment of interest on the bonds of the One Hundred-fourth Series may be made at the option of the Company by check mailed to the registered holders thereof at their registered address, and, with respect to a One Hundred-fourth Series Global Bond, the Company may make payments of principal of, any Redemption Price and interest on such One Hundred-fourth Series Global Bond pursuant to and in accordance with such arrangements as are agreed upon by the Company and the depository for such One Hundred-fourth Series Global Bond.

Except under the limited circumstances described below, bonds of the One Hundred-fourth Series represented by a One Hundred-fourth Series Global Bond or Bonds shall not be exchangeable for, and shall not otherwise be issuable as, bonds of the One Hundred-fourth Series in definitive form. The One Hundred-fourth Series Global Bond or Bonds described in this Section 1(D) may not be transferred except by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or to a successor depository or its nominee.

A One Hundred-fourth Series Global Bond shall be exchangeable for bonds of the One Hundred-fourth Series registered in the names of persons other than the depository or its nominee only if (i) the depository notifies the Company that it is unwilling or unable to continue as a depository for such One Hundred-fourth Series Global Bond and no successor depository shall have been appointed by the Company within 90 days of receipt by the Company of such notification, or if at any time the depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") at a time when the depository is required to be so registered to act as such depository and no successor depository shall have been appointed by the Company within 90 days after it becomes aware of such cessation, (ii) a Default has occurred and is continuing with respect to the bonds of the One Hundred-fourth Series or (iii) the Company in its sole discretion, and subject to the procedures of the depository, determines that such One Hundred-fourth Series Global Bond shall be so exchangeable. Any One Hundred-fourth Series Global Bond that is exchangeable pursuant to the preceding sentence shall be exchangeable for bonds of the One Hundred-fourth Series registered in such names as the depository shall direct.

In any exchange provided in the preceding paragraph the Company shall execute, and the Corporate Trustee, upon receipt of a Company request for the authentication and delivery of bonds of the One Hundred-fourth Series in the form of definitive certificates in exchange in whole or in part for such One Hundred-fourth Series Global Bond or Bonds, shall authenticate and deliver, without service charge, to each person specified by the depository, bonds of the One Hundred-fourth Series in the form of definitive certificates of like tenor and terms in an aggregate principal amount equal to the principal amount of such One Hundred-fourth Series Global Bond or the aggregate principal amount of such One Hundred-fourth Series Global Bonds in exchange for such One Hundred-fourth Series Global Bond or Bonds. Upon the exchange of the entire principal amount of a One Hundred-fourth Series Global Bond

for bonds of the One Hundred-fourth Series in the form of definitive certificates, such One Hundred-fourth Series Global Bond shall be canceled by the Corporate Trustee. Bonds of the One Hundred-fourth Series issued in exchange for a One Hundred-fourth Series Global Bond shall be registered in such names and in such authorized denominations as the depositary for such One Hundred-fourth Series Global Bond, acting pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Corporate Trustee. Provided that the Company and the Corporate Trustee have so agreed, the Corporate Trustee shall deliver such bonds of the One Hundred-fourth Series to the persons in whose names the bonds of the One Hundred-fourth Series are so to be registered.

Any endorsement of a One Hundred-fourth Series Global Bond to reflect the principal amount thereof, or any increase or decrease in such principal amount, shall be made in such manner and by such person or persons as shall be specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the depositary with respect to such One Hundred-fourth Series Global Bond or in a Company request. Subject to the terms of the Mortgage, the Corporate Trustee shall deliver and redeliver any such One Hundred-fourth Series Global Bond in the manner and upon instructions given by the person or persons specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the depositary with respect to such One Hundred-fourth Series Global Bond or in any applicable Company request. If a Company request is so delivered, any instructions by the Company with respect to such One Hundred-fourth Series Global Bond contained therein shall be in writing but need not be accompanied by or contained in a Treasurer's Certificate and need not be accompanied by an opinion of counsel.

The depositary or, if there be one, its nominee, shall be the holder of a One Hundred-fourth Series Global Bond for all purposes under the Mortgage and the bonds of the One Hundred-fourth Series and beneficial owners with respect to such One Hundred-fourth Series Global Bond shall hold their interests pursuant to applicable procedures of such depositary. The Company, the Corporate Trustee, any bond registrar, any paying agent and any other agent of the Company or the Corporate Trustee shall be entitled to deal with such depositary for all purposes of the Mortgage relating to such One Hundred-fourth Series Global Bond (including the payment of principal, the Redemption Price, if applicable, and interest and the giving of instructions or directions by or to the beneficial owners of such One Hundred-fourth Series Global Bond as the sole holder of such One Hundred-fourth Series Global Bond and shall have no obligations to the beneficial owners thereof (including any direct or indirect participants in such depositary)). None of the Company, the Corporate Trustee, any paying agent, any bond registrar or any other agent of the Company or the Corporate Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a beneficial owner in or pursuant to any applicable letter of representations or other arrangement or transaction entered into with, or procedures of, the depositary with respect to such One Hundred-fourth Series Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any acts or omissions of a depositary.

ARTICLE II DIVIDEND COVENANT

SECTION 2. The Company covenants and agrees that, so long as any of the bonds of the One Hundred-fourth Series remain Outstanding, the Company will not declare or pay any dividends upon its common stock (other than dividends in common stock) or make any other distributions on its common stock or purchase or otherwise retire any shares of its common stock, unless immediately after such declaration, payment, purchase, retirement or distribution (hereinafter in this Section referred to as "Restricted Payments"), and giving effect thereto, the amount arrived at by adding:

(a) the aggregate amount of all such Restricted Payments (other than the dividend of fifty cents (\$.50) per share declared on December 8, 1948 and paid on February 1, 1949 to holders of common stock) made by the Company during the period from December 31, 1948, to and including the effective date of the Restricted Payment in respect of which the determination is being made, plus

(b) an amount equal to the aggregate amount of cumulative dividends for such period (whether or not paid) on all preferred stock of the Company from time to time outstanding during such period, at the rate or rates borne by such preferred stock, plus

(c) an amount equal to the amount, if any, by which fifteen per centum (15%) of the Gross Operating Revenues of the Company for such period shall exceed the aggregate amount during such period expended and/or accrued on its books for maintenance and/or appropriated on its books out of income for property retirement, in each case in respect of the Mortgaged and Pledged Property and/or automotive equipment used primarily in the electric utility business of the Company (but excluding any provisions for amortization of any amounts included in utility plant acquisition adjustment accounts or utility plant adjustment accounts), will not exceed the amount of the aggregate net income of the Company for said period available for dividends (computed and ascertained in accordance with sound accounting practice, on a cumulative basis, including the making of proper deductions for any deficits occurring during any part of such period), plus \$3,000,000.

The Company further covenants and agrees that not later than May 1 of each year beginning with the year 2020 it will furnish to the Corporate Trustee a Treasurer's Certificate stating whether or not the Company has fully observed the restrictions imposed upon it by the covenant contained in this Section 2.

The terms (i) "dividend" shall be interpreted so as to include distributions and (ii) "common stock" and "shares of common stock" shall be interpreted so as to include membership interests.

ARTICLE III CERTAIN PROVISIONS WITH RESPECT TO FUTURE ADVANCES

SECTION 3. Upon the filing of this Eighty-ninth Supplemental Indenture for record in all counties in which the Mortgaged and Pledged Property is located, and until a further indenture or indentures supplemental to the Mortgage shall be executed and delivered by the Company to the Trustees pursuant to authorization by the Board of Directors of the Company and filed for record in all counties in which the Mortgaged and Pledged Property is located further increasing or decreasing the amount of future advances which may be secured by the Mortgage, the Mortgage may secure future advances and other indebtedness and sums not to exceed in the aggregate \$2,500,000,000, in addition to \$8,120,785,000 in aggregate principal amount of bonds to be Outstanding at the time of such filing, and all such advances and other indebtedness and sums shall be secured by the Mortgage, equally, to the same extent and with the same priority, as the amount originally advanced on the security of the Original Mortgage, namely, \$46,000,000, and such advances and other indebtedness and sums may be made or become owing and may be repaid and again made or become owing and the amount so stated shall be considered only as the total amount of such advances and other indebtedness and sums as may be outstanding at one time.

ARTICLE IV MISCELLANEOUS PROVISIONS

SECTION 4. Subject to any amendments provided for in this Eighty-ninth Supplemental Indenture, the terms defined in the Original Mortgage, as heretofore supplemented, shall, for all purposes

of this Eighty-ninth Supplemental Indenture, have the meanings specified in the Original Mortgage, as heretofore supplemented.

SECTION 5. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions herein and in the Original Mortgage, as heretofore supplemented, set forth and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Eighty-ninth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XVI of the Original Mortgage, as heretofore supplemented, shall apply to and form part of this Eighty-ninth Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Eighty-ninth Supplemental Indenture.

SECTION 6. Subject to the provisions of Article XV and Article XVI of the Mortgage, whenever in this Eighty-ninth Supplemental Indenture either of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Eighty-ninth Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 7. Nothing in this Eighty-ninth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the Outstanding bonds and coupons, any right, remedy or claim under or by reason of this Eighty-ninth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Eighty-ninth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the Outstanding bonds and coupons.

SECTION 8. This Eighty-ninth Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURES ON THE FOLLOWING PAGES]

The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE COMPANY HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS, WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**

IN WITNESS WHEREOF, Duke Energy Progress, LLC has caused its name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents or its Treasurer and its company seal to be attested by its Corporate Secretary or one of its Assistant Secretaries, and The Bank of New York Mellon has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents, Senior Associates or Associates and its corporate seal to be attested by one of its Vice Presidents, Senior Associates or Associates, and Christie Leppert (who is appointed as successor Individual Trustee effective immediately) has hereunto set her hand and seal, all as of the day and year first above written.

DUKE ENERGY PROGRESS, LLC

By: /s/ Karl W. Newlin

Karl W. Newlin
Treasurer and Senior Vice President,
Corporate Development

Executed, sealed and delivered by DUKE ENERGY PROGRESS, LLC by Karl W. Newlin, one of its Senior Vice Presidents, and attested by Robert T. Lucas III, one of its Assistant Secretaries, in the presence of:

ATTEST:

/s/ Robert T. Lucas

Robert T. Lucas III
Assistant Secretary

/s/ Jenny Pattana

Jenny Pattana

/s/ Sohn E. Daniels

Sohn E. Daniels

[COMPANY'S SIGNATURE PAGE]

[EIGHTY-NINTH SUPPLEMENTAL INDENTURE DATED AS OF MARCH 1, 2019
TO THE DUKE ENERGY PROGRESS, LLC MORTGAGE AND DEED OF TRUST
DATED AS OF MAY 1, 1940]

THE BANK OF NEW YORK MELLON,
as Corporate Trustee

By: /s/ Francine Kincaid

Francine Kincaid

Vice President

Executed, sealed and delivered by THE BANK OF
NEW YORK MELLON, as Corporate Trustee, by
Francine Kincaid, one of its Vice Presidents, and attested
by Ignazio Tamburello, one of its Vice Presidents, in the
presence of:

ATTEST:

/s/ Ignazio Tamburello

Ignazio Tamburello

Vice President

/s/ Thomas Hacker

Thomas Hacker

/s/ Glenn McKeever

Glenn McKeever

/s/ Christie Leppert

Christie Leppert, *as successor Individual Trustee*

Executed, sealed and delivered by CHRISTIE
LEPPERT, as successor Individual Trustee, in the
presence of:

/s/ Geraldine Creswell

Geraldine Creswell

/s/ Stephanie Dunning

Stephanie Dunning

STATE OF NORTH)
 CAROLINA)
) SS.:
 COUNTY OF)
 MECKLENBURG)

This 7th day of March, A.D. 2019, personally came before me, Phoebe P. Elliott, a Notary Public, KARL W. NEWLIN, who, being by me duly sworn, acknowledged before me that he is Treasurer and Senior Vice President, Corporate Development of DUKE ENERGY PROGRESS, LLC, and that the seal affixed to the foregoing instrument in writing is the company seal of said company, and that said writing was signed and sealed by him in behalf of said limited liability company by its authority duly given. And the said KARL W. NEWLIN acknowledged the said writing to be the act and deed of said limited liability company.

On the 7th day of March, in the year of 2019, before me personally came KARL W. NEWLIN, to me known, who, being by me duly sworn, did depose and say that he resides at 2132 Brookwood Road, Charlotte, NC 28211; that he is Treasurer and Senior Vice President, Corporate Development of DUKE ENERGY PROGRESS, LLC, one of the limited liability companies described in and which executed the above instrument; that he knows the seal of said limited liability company; that the seal affixed to said instrument is such company seal; that it was so affixed by order of the Board of Directors of said limited liability company, and that he signed his name thereto by like order.

/s/ Phoebe P. Elliott

Phoebe P. Elliott

NOTARY PUBLIC, State of North Carolina

Mecklenburg County

My Commission Expires: June 26, 2021

STATE OF NORTH)
 CAROLINA)
) SS.:
 COUNTY OF)
 MECKLENBURG)

This 7th day of March, A.D. 2019, personally came before me, Phoebe P. Elliott, a Notary Public, ROBERT T. LUCAS III, who, being by me duly sworn, acknowledged before me that he is the Assistant Secretary of DUKE ENERGY PROGRESS, LLC, and that the seal affixed to the foregoing instrument in writing is the company seal of said company, and that said writing was signed and attested by him on behalf of said limited liability company by its authority duly given.

On the 7th day of March, in the year of 2019, before me personally came ROBERT T. LUCAS III, to me known, who, being by me duly sworn, did depose and say that he resides at 1650 Myers Park Drive, Charlotte, NC 28207; that he is the Assistant Secretary of DUKE ENERGY PROGRESS, LLC, one of the limited liability companies described in and which executed the above instrument; that he knows the seal of said limited liability company; that the seal affixed to said instrument is such company seal; that it was so affixed by order of the Board of Directors of said limited liability company, and that he signed and attested his name thereto by the authority of the Board of Directors of said limited liability company.

/s/ Phoebe P. Elliot

Phoebe P. Elliott

NOTARY PUBLIC, State of North Carolina

Mecklenburg County

My Commission Expires: June 26, 2021

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On March 5, 2019 before me, the undersigned, personally appeared FRANCINE KINCAID, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she signed the same in her capacity as a Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation, as Corporate Trustee, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, signed the instrument.

I, Bret S. Derman, a Notary Public of the State of New York, certify that FRANCINE KINCAID personally came before me this day and acknowledged that she is a Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation, as Corporate Trustee, and that she, as Vice President, being authorized to do so, signed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 5th day of March, 2019.

/s/ Bret S. Derman

Bret S. Derman
Notary Public, State of New York
No. 02DE6196933
Qualified in Kings County
Certificate filed in New York County
Commission Expires November 17, 2020

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On March 5, 2019 before me, the undersigned, personally appeared IGNAZIO TAMBURELLO, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he signed and attested the same in his capacity as a Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation, as Corporate Trustee, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, signed and attested the instrument.

I, Bret S. Derman, a Notary Public of the State of New York, certify that IGNAZIO TAMBURELLO personally came before me this day and acknowledged that he is a Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation, as Corporate Trustee, and that he, as Vice President, being authorized to do so, signed and attested the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 5th day of March, 2019.

/s/ Bret S. Derman

Bret S. Derman
Notary Public, State of New York
No. 02DE6196933
Qualified in Kings County
Certificate filed in New York County
Commission Expires November 17, 2020

STATE OF FLORIDA)
) SS.:
COUNTY OF DUVAL)

On March 5, 2019 before me, the undersigned, personally appeared CHRISTIE LEPPERT, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity as successor Individual Trustee, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

I, Barbara Salls, a Notary Public of the State of Florida, do hereby certify that CHRISTIE LEPPERT, as successor Individual Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the 5th day of March, 2019.

/s/ Barbara Salls

Barbara Salls

Notary Public, State of Florida

My Commission expires: June 30, 2021

Commission Number: No. GG 078480

THIS SECURITY IS A ONE HUNDRED-FOURTH SERIES GLOBAL BOND WITHIN THE MEANING OF THE MORTGAGE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE MORTGAGE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO DUKE ENERGY PROGRESS, LLC OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS FIRST MORTGAGE BOND, 3.45% SERIES DUE 2029 MAY, UNDER CONDITIONS PROVIDED IN THE MORTGAGE, BE EXCHANGED FOR FIRST MORTGAGE BONDS, 3.45% SERIES DUE 2029 IN THE FORM OF DEFINITIVE CERTIFICATES OF LIKE TENOR AND OF AN EQUAL AGGREGATE PRINCIPAL AMOUNT, IN AUTHORIZED DENOMINATIONS, REGISTERED IN THE NAMES OF SUCH PERSONS AS THE DEPOSITARY SHALL INSTRUCT THE CORPORATE TRUSTEE. ANY SUCH EXCHANGE SHALL BE MADE UPON RECEIPT BY THE CORPORATE TRUSTEE OF A REQUEST BY DUKE ENERGY PROGRESS, LLC THEREFOR AND A WRITTEN INSTRUCTION FROM THE DEPOSITARY SETTING FORTH THE NAME OR NAMES IN WHICH THE CORPORATE TRUSTEE IS TO REGISTER SUCH FIRST MORTGAGE BONDS, 3.45% SERIES DUE 2029 IN THE FORM OF DEFINITIVE CERTIFICATES.

REGISTERED BOND

CUSIP: 26442U AH7

DUKE ENERGY PROGRESS, LLC
First Mortgage Bond,
3.45% Series due 2029

No. R-1

\$500,000,000

DUKE ENERGY PROGRESS, LLC, a North Carolina limited liability company (the "Company"), for value received, hereby promises to pay to

Cede & Co.

or registered assigns, at the office or agency of the Company in the Borough of Manhattan, The City of New York,

FIVE HUNDRED MILLION DOLLARS (\$500,000,000)

on March 15, 2029, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon from March 7, 2019, if the date of this bond is on or prior to September 15, 2019, or, if the date of this bond is after September 15, 2019, from the March 15 or September 15 next preceding the date of this bond, at the rate of 3.45% per annum (with interest on overdue principal and overdue installments of interest payable in accordance with the terms of the Mortgage (as hereinafter defined)) in like coin or currency semi-annually at said office or agency, on March 15 and September 15 in each year until the principal of this bond shall have become due and payable (each an "Interest Payment Date"). If the date of this bond is on or prior to September 15, 2019, such payments shall commence on September 15, 2019. Interest on this bond will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Any interest on this bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name this bond (or one or more predecessor bonds) is registered at the close of business on the tenth calendar day next preceding such Interest Payment Date (i.e., March 5 and September 5, respectively) (each a "Regular Record Date"), provided, however, that so long as this bond is registered in the name of The Depository Trust Company, a New York corporation, its nominee or a successor depository, the Regular Record Date shall be the close of business on the business day (as defined in the Eighty-ninth Supplemental Indenture mentioned below) immediately preceding such Interest Payment Date.

Any interest on this bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered holder on the relevant Regular Record Date solely by virtue of such holder having been such holder; and such interest, together with any interest thereon as provided in the Mortgage (collectively, "Defaulted Interest"), may be paid by the Company, at its election in each case, as provided in Subsection A or B below:

A. The Company may elect to make payment of any Defaulted Interest on the bonds of this series (as defined below) to the persons in whose names such bonds (or their respective predecessor bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner (a "Special Record Date"). The Company shall notify the Corporate Trustee referred to below in writing of the amount of Defaulted Interest proposed to be paid on each bond and the date of the proposed payment (which date shall be such as will enable the Corporate

Trustee to comply with the next two sentences hereof), and at the same time the Company shall deposit with the Corporate Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Corporate Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided and not to be deemed otherwise part of the trust estate or trust moneys. Thereupon the Corporate Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Corporate Trustee of the notice of the proposed payment. The Corporate Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each holder of a bond of this series at such holder's address as it appears in the bond register not less than 10 days prior to such Special Record Date. The Corporate Trustee may, in its discretion in the name and at the expense of the Company, cause a similar notice to be published at least once in a newspaper approved by the Company in each place of payment of the bonds of this series, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the bonds of this series (or their respective predecessor bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B.

B. The Company may make payment of any Defaulted Interest on the bonds of this series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Company to the Corporate Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Corporate Trustee.

Subject to the foregoing, each bond of this series delivered under the Mortgage hereinafter mentioned upon transfer of or in exchange for or in lieu of any other bond of this series shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other bond.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, 3.45% Series due 2029 (the "bonds of this series"), all bonds of all series issued and to be issued under and equally secured (except in so far as any sinking fund or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust (together with any indenture supplemental thereto, including the Eighty-ninth Supplemental Indenture, dated as of March 1, 2019, the "Mortgage"), dated as of May 1, 1940, executed by the Company to The Bank of New York Mellon (formerly Irving Trust

Company), as Corporate Trustee, and Christie Leppert (successor to Frederick G. Herbst), as Individual Trustee. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least 66 2/3% in principal amount of the bonds then outstanding under the Mortgage and, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least 66 2/3% in principal amount of the bonds then outstanding of each series of bonds so to be affected (excluding in any case bonds disqualified from voting by reason of the Company's interest therein as provided in the Mortgage); provided that, without the consent of the holder hereof, no such modification or alteration, among other things, shall impair or affect the right of the holder to receive payment of the principal of and interest on this bond, on or after the respective due dates expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

This bond is transferable as prescribed in the Mortgage by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, and thereupon a new fully registered temporary or definitive bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

At any time on or after December 15, 2028 (the "Par Call Date"), the bonds of this series shall be redeemable at the option of the Company, in whole or in part and from time to time, prior to maturity, upon notice as provided in the Mortgage (given not less than 30 days and not more than 90 days prior to the date fixed for redemption), at a redemption price equal to 100% of the principal amount of the bonds then outstanding to be redeemed, plus in each case accrued interest on such principal amount to, but excluding, such date fixed for redemption. At any time prior to the Par Call Date, the bonds of this series shall be redeemable at the option of the Company, in whole or in part and from time to time, upon notice as provided in the Mortgage (given not less than 30 days and not more than 90 days prior to the date fixed for redemption).

(together with the date fixed for redemption referred to in the preceding sentence, each a "Redemption Date")), at a redemption price (together with the redemption price referred to in the preceding sentence, each a "Redemption Price") equal to the greater of (i) 100% of the principal amount of the bonds then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such bonds being redeemed that would be due if such bonds matured on the Par Call Date, computed by discounting such payments, in each case, to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Eighty-ninth Supplemental Indenture mentioned above) plus 15 basis points, plus in either case accrued but unpaid interest on such principal amount to, but excluding, the Redemption Date. On and after any Redemption Date, if sufficient cash shall have been deposited with Corporate Trustee (and/or if the Company has irrevocably directed the Corporate Trustee to apply, from moneys held by it available to be used for the redemption of bonds, sufficient cash) to redeem all of the bonds of this series called for redemption, interest on the bonds of this series, or the portions of them so called for redemption, shall cease to accrue. Reference is made to said Eighty-ninth Supplemental Indenture for the full terms of the redemption provisions applicable to the bonds of this series.

No recourse shall be had for the payment of the principal or any Redemption Price of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until The Bank of New York Mellon (formerly Irving Trust Company), the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

[Signature Page Follows]

IN WITNESS WHEREOF, DUKE ENERGY PROGRESS, LLC has caused this bond to be signed in its name with the manual or facsimile signature of its President or one of its Vice Presidents and its company seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

DUKE ENERGY PROGRESS, LLC

DATED: March 7, 2019

By:

Karl W. Newlin
Treasurer and Senior Vice President,
Corporate Development

ATTEST:

Robert T. Lucas III
Assistant Secretary

CORPORATE TRUSTEE'S CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

THE BANK OF NEW YORK MELLON,
Corporate Trustee

By: _____
Authorized Officer

THIS SECURITY IS A ONE HUNDRED-FOURTH SERIES GLOBAL BOND WITHIN THE MEANING OF THE MORTGAGE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE MORTGAGE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO DUKE ENERGY PROGRESS, LLC OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS FIRST MORTGAGE BOND, 3.45% SERIES DUE 2029 MAY, UNDER CONDITIONS PROVIDED IN THE MORTGAGE, BE EXCHANGED FOR FIRST MORTGAGE BONDS, 3.45% SERIES DUE 2029 IN THE FORM OF DEFINITIVE CERTIFICATES OF LIKE TENOR AND OF AN EQUAL AGGREGATE PRINCIPAL AMOUNT, IN AUTHORIZED DENOMINATIONS, REGISTERED IN THE NAMES OF SUCH PERSONS AS THE DEPOSITARY SHALL INSTRUCT THE CORPORATE TRUSTEE. ANY SUCH EXCHANGE SHALL BE MADE UPON RECEIPT BY THE CORPORATE TRUSTEE OF A REQUEST BY DUKE ENERGY PROGRESS, LLC THEREFOR AND A WRITTEN INSTRUCTION FROM THE DEPOSITARY SETTING FORTH THE NAME OR NAMES IN WHICH THE CORPORATE TRUSTEE IS TO REGISTER SUCH FIRST MORTGAGE BONDS, 3.45% SERIES DUE 2029 IN THE FORM OF DEFINITIVE CERTIFICATES.

REGISTERED BOND

CUSIP: 26442U AH7

DUKE ENERGY PROGRESS, LLC
First Mortgage Bond,
3.45% Series due 2029

No. R-2

\$100,000,000

DUKE ENERGY PROGRESS, LLC, a North Carolina limited liability company (the "Company"), for value received, hereby promises to pay to

Cede & Co.

or registered assigns, at the office or agency of the Company in the Borough of Manhattan, The City of New York,

ONE HUNDRED MILLION DOLLARS (\$100,000,000)

on March 15, 2029, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon from March 7, 2019, if the date of this bond is on or prior to September 15, 2019, or, if the date of this bond is after September 15, 2019, from the March 15 or September 15 next preceding the date of this bond, at the rate of 3.45% per annum (with interest on overdue principal and overdue installments of interest payable in accordance with the terms of the Mortgage (as hereinafter defined)) in like coin or currency semi-annually at said office or agency, on March 15 and September 15 in each year until the principal of this bond shall have become due and payable (each an "Interest Payment Date"). If the date of this bond is on or prior to September 15, 2019, such payments shall commence on September 15, 2019. Interest on this bond will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Any interest on this bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name this bond (or one or more predecessor bonds) is registered at the close of business on the tenth calendar day next preceding such Interest Payment Date (i.e., March 5 and September 5, respectively) (each a "Regular Record Date"), provided, however, that so long as this bond is registered in the name of The Depository Trust Company, a New York corporation, its nominee or a successor depository, the Regular Record Date shall be the close of business on the business day (as defined in the Eighty-ninth Supplemental Indenture mentioned below) immediately preceding such Interest Payment Date.

Any interest on this bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered holder on the relevant Regular Record Date solely by virtue of such holder having been such holder; and such interest, together with any interest thereon as provided in the Mortgage (collectively, "Defaulted Interest"), may be paid by the Company, at its election in each case, as provided in Subsection A or B below:

A. The Company may elect to make payment of any Defaulted Interest on the bonds of this series (as defined below) to the persons in whose names such bonds (or their respective predecessor bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner (a "Special Record Date"). The Company shall notify the Corporate Trustee referred to below in writing of the amount of Defaulted Interest proposed to be paid on each bond and the date of the proposed payment (which date shall be such as will enable the Corporate

Trustee to comply with the next two sentences hereof), and at the same time the Company shall deposit with the Corporate Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Corporate Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided and not to be deemed otherwise part of the trust estate or trust moneys. Thereupon the Corporate Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Corporate Trustee of the notice of the proposed payment. The Corporate Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each holder of a bond of this series at such holder's address as it appears in the bond register not less than 10 days prior to such Special Record Date. The Corporate Trustee may, in its discretion in the name and at the expense of the Company, cause a similar notice to be published at least once in a newspaper approved by the Company in each place of payment of the bonds of this series, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the bonds of this series (or their respective predecessor bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B.

B. The Company may make payment of any Defaulted Interest on the bonds of this series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Company to the Corporate Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Corporate Trustee.

Subject to the foregoing, each bond of this series delivered under the Mortgage hereinafter mentioned upon transfer of or in exchange for or in lieu of any other bond of this series shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other bond.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, 3.45% Series due 2029 (the "bonds of this series"), all bonds of all series issued and to be issued under and equally secured (except in so far as any sinking fund or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust (together with any indenture supplemental thereto, including the Eighty-ninth Supplemental Indenture, dated as of March 1, 2019, the "Mortgage"), dated as of May 1, 1940, executed by the Company to The Bank of New York Mellon (formerly Irving Trust

Company), as Corporate Trustee, and Christie Leppert (successor to Frederick G. Herbst), as Individual Trustee. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least 66 2/3% in principal amount of the bonds then outstanding under the Mortgage and, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least 66 2/3% in principal amount of the bonds then outstanding of each series of bonds so to be affected (excluding in any case bonds disqualified from voting by reason of the Company's interest therein as provided in the Mortgage); provided that, without the consent of the holder hereof, no such modification or alteration, among other things, shall impair or affect the right of the holder to receive payment of the principal of and interest on this bond, on or after the respective due dates expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

This bond is transferable as prescribed in the Mortgage by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, and thereupon a new fully registered temporary or definitive bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

At any time on or after December 15, 2028 (the "Par Call Date"), the bonds of this series shall be redeemable at the option of the Company, in whole or in part and from time to time, prior to maturity, upon notice as provided in the Mortgage (given not less than 30 days and not more than 90 days prior to the date fixed for redemption), at a redemption price equal to 100% of the principal amount of the bonds then outstanding to be redeemed, plus in each case accrued interest on such principal amount to, but excluding, such date fixed for redemption. At any time prior to the Par Call Date, the bonds of this series shall be redeemable at the option of the Company, in whole or in part and from time to time, upon notice as provided in the Mortgage (given not less than 30 days and not more than 90 days prior to the date fixed for redemption).

(together with the date fixed for redemption referred to in the preceding sentence, each a "Redemption Date")), at a redemption price (together with the redemption price referred to in the preceding sentence, each a "Redemption Price") equal to the greater of (i) 100% of the principal amount of the bonds then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such bonds being redeemed that would be due if such bonds matured on the Par Call Date, computed by discounting such payments, in each case, to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Eighty-ninth Supplemental Indenture mentioned above) plus 15 basis points, plus in either case accrued but unpaid interest on such principal amount to, but excluding, the Redemption Date. On and after any Redemption Date, if sufficient cash shall have been deposited with Corporate Trustee (and/or if the Company has irrevocably directed the Corporate Trustee to apply, from moneys held by it available to be used for the redemption of bonds, sufficient cash) to redeem all of the bonds of this series called for redemption, interest on the bonds of this series, or the portions of them so called for redemption, shall cease to accrue. Reference is made to said Eighty-ninth Supplemental Indenture for the full terms of the redemption provisions applicable to the bonds of this series.

No recourse shall be had for the payment of the principal or any Redemption Price of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until The Bank of New York Mellon (formerly Irving Trust Company), the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

[Signature Page Follows]

IN WITNESS WHEREOF, DUKE ENERGY PROGRESS, LLC has caused this bond to be signed in its name with the manual or facsimile signature of its President or one of its Vice Presidents and its company seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

DUKE ENERGY PROGRESS, LLC

DATED: March 7, 2019

By: _____

Karl W. Newlin
Treasurer and Senior Vice President,
Corporate Development

ATTEST:

Robert T. Lucas III
Assistant Secretary

CORPORATE TRUSTEE'S CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

THE BANK OF NEW YORK MELLON,
Corporate Trustee

By: _____
Authorized Officer

EXHIBIT B

EX-99.1 4 a19-5308_4ex99d1.htm EX-99.1

Exhibit 99.1

Execution Version

DUKE ENERGY PROGRESS, LLC**\$600,000,000 First Mortgage Bonds, 3.45% Series due 2029****UNDERWRITING AGREEMENT**

March 4, 2019

Barclays Capital Inc.
J.P. Morgan Securities LLC
Mizuho Securities USA LLC
Wells Fargo Securities, LLC

As Representatives of the several Underwriters

c/o Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY PROGRESS, LLC, a North Carolina limited liability company (the “**Company**”), proposes, subject to the terms and conditions stated herein, to issue and sell \$600,000,000 aggregate principal amount of First Mortgage Bonds, 3.45% Series due 2029 (the “**Bonds**”), to be issued under and secured by its Mortgage and Deed of Trust, dated as of May 1, 1940 (the “**Original Mortgage**”), between the Company and The Bank of New York Mellon (formerly Irving Trust Company) (the “**Corporate Trustee**”) and Christie Leppert (successor to Frederick G. Herbst), as trustees (together with the Corporate Trustee, the “**Trustees**”), as amended and supplemented by various supplemental indentures, including the Eighty-Ninth Supplemental Indenture, to be dated as of March 1, 2019 (the “**Supplemental Indenture**”) (the Original Mortgage, as so amended and supplemented, being hereinafter called the “**Mortgage**”). Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC and Wells Fargo Securities, LLC (the “**Representatives**”) are acting as representatives of the several underwriters named in Schedule A hereto (together with the Representatives, the “**Underwriters**”). The Company understands that the several Underwriters propose to offer the Bonds for sale upon the terms and conditions contemplated by (i) this Agreement and (ii) the Base Prospectus, the Preliminary Prospectus and the Permitted Free Writing Prospectus (each as defined below) issued at or prior to the Applicable Time (as defined below) (the documents referred to in the foregoing subclause (ii) are referred to herein as the “**Pricing Disclosure Package**”).

2. *Representations and Warranties of the Company.* As of the date hereof, as of the Applicable Time (as defined below) and as of the Closing Date (as defined below) the Company represents and warrants to, and agrees with, the several Underwriters that:

- (a) A registration statement, as amended (No. 333-213765-01), including a prospectus, relating to the Bonds and certain other securities has been filed with the Securities and Exchange Commission (the “**Commission**”) under the Securities Act of 1933, as amended (the “**1933 Act**”). Such registration statement and any post-effective amendment thereto, each in the form heretofore delivered to you, became effective upon filing with the Commission pursuant to Rule 462 of the rules and regulations of the Commission under the 1933 Act (the “**1933 Act Regulations**”), and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose or pursuant to Section 8A of the 1933 Act has been initiated or threatened by the Commission (if prepared, any preliminary prospectus supplement specifically relating to the Bonds immediately prior to the Applicable Time included in such registration statement or filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations being hereinafter called a “**Preliminary Prospectus**”); the term “**Registration Statement**” means the registration statement as deemed revised pursuant to Rule 430B(f)(1) of the 1933 Act Regulations on the date of such registration statement’s effectiveness for purposes of Section 11 of the 1933 Act, as such section applies to the Company and the Underwriters for the Bonds pursuant to Rule 430B(f)(2) of the 1933 Act Regulations (the “**Effective Date**”), including all exhibits thereto and including the documents incorporated by reference in the prospectus contained in the Registration Statement at the time such part of the Registration Statement became effective; the term “**Base Prospectus**” means the prospectus filed with the Commission on the date hereof by the Company; and the term “**Prospectus**” means the Base Prospectus together with the prospectus supplement specifically relating to the Bonds prepared in accordance with the provisions of Rule 430B and promptly filed after execution and delivery of this Agreement pursuant to Rule 430B or Rule 424 (b) of the 1933 Act Regulations; any information included in such Prospectus that was omitted from the Registration Statement at the time it became effective but that is deemed to be a part of and included in such registration statement pursuant to Rule 430B is referred to as “**Rule 430B Information**,” and any reference herein to any Registration Statement, the Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein, prior to the date hereof; any reference to any amendment or supplement to the Preliminary Prospectus or Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the 1934 Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement. For purposes of this Agreement, the term “**Applicable Time**” means 4:20 p.m. (New York City time) on the date hereof.
- (b) The Registration Statement, the Permitted Free Writing Prospectus specified on Schedule B hereto, the Preliminary Prospectus and the Prospectus conform, and

any amendments or supplements thereto will conform, in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations; and (i) the Registration Statement, as of its original effective date, as of the date of any amendment, and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, and at the Closing Date, did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) (A) the Pricing Disclosure Package, as of the Applicable Time, did not, (B) the Prospectus and any amendment or supplement thereto, as of their dates, will not, and (C) the Prospectus as of the Closing Date will not, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the Company makes no warranty or representation to the Underwriters with respect to any statements or omissions made in reliance upon and in conformity with written information furnished to the Company by the Representatives on behalf of the Underwriters specifically for use in the Registration Statement, the Permitted Free Writing Prospectus, the Preliminary Prospectus or the Prospectus.

- (c) The Permitted Free Writing Prospectus specified on Schedule B hereto as of its issue date and at all subsequent times through the completion of the public offer and sale of the Bonds or until any earlier date that the Company notified or notifies the Underwriters as described in Section 5(f) did not, does not and will not include any information that conflicts with the information (not superseded or modified as of the Effective Date) contained in the Registration Statement, the Preliminary Prospectus or the Prospectus.
- (d) At the earliest time the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Bonds, the Company was not an “ineligible issuer” as defined in Rule 405 of the 1933 Act Regulations. The Company is, and was at the time of the initial filing of the Registration Statement, eligible to use Form S-3 under the 1933 Act.
- (e) The documents and interactive data in eXtensible Business Reporting Language (“XBRL”) incorporated or deemed to be incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, at the time they were filed or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the “1934 Act Regulations”), and, when read together with the other information in the Prospectus, (i) at the time the Registration Statement became effective, (ii) at the Applicable Time and (iii) on the Closing Date did not, and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

- (f) The Company's most recent Annual Report filed on Form 10-K meets the conditions specified in General Instruction I(1)(a) and (b) of the General Instructions for Form 10-K, and the Company's most recent Quarterly Report filed on Form 10-Q meets the conditions specified in General Instruction H (1) of the General Instructions for Form 10-Q.
- (g) The compliance by the Company with all of the provisions of this Agreement has been duly authorized by all necessary limited liability company action and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which it is bound or to which any of its properties or assets is subject that would have a material adverse effect on the business, financial condition or results of operations of the Company, nor will such action result in any violation of the Company's Articles of Organization including Articles of Conversion for the Company (the "**Articles of Organization**"), or the Company's Limited Liability Company Operating Agreement (the "**Operating Agreement**") or other governing document of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties that would have a material adverse effect on the business, financial condition or results of operations of the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company of the transactions contemplated by this Agreement, except for authorization by the North Carolina Utilities Commission and the Public Service Commission of South Carolina and the registration under the 1933 Act of the Bonds, qualification under the Trust Indenture Act of 1939 (the "**1939 Act**") and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds by the Underwriters.
- (h) This Agreement has been duly authorized, executed and delivered by the Company.
- (i) The Original Mortgage has been duly authorized, executed and delivered by the Company and duly qualified under the 1939 Act and the Supplemental Indenture has been duly authorized and when executed and delivered by the Company and, assuming the due authorization, execution and delivery thereof by the Trustees, the Mortgage constitutes a valid and legally binding instrument of the Company enforceable against the Company in accordance with its terms, subject to the qualifications that the enforceability of the Company's obligations under the Mortgage may be limited by (x) the laws of the states of North Carolina and South Carolina (in which states all physical property of the Company subject to the Mortgage is located except for certain interconnection lines) with respect to or affecting the remedies to enforce the security provided by the Mortgage, which laws do not make inadequate the remedies necessary for the realization of the

benefits of such security, and by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting mortgagees' and other creditors' rights generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (y) that the provisions of the Mortgage subjecting to the lien thereof the revenues and income from the mortgaged property may not be effective prior to the delivery or taking of possession of such revenues or income or of the mortgaged property by or on behalf of the Trustees.

- (j) The Bonds have been duly authorized and when executed by the Company, and when authenticated by the Corporate Trustee, in the manner provided in the Mortgage and delivered against payment therefor, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting mortgagees' and other creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and are entitled to the benefits and security afforded by the Mortgage in accordance with the terms of the Mortgage and the Bonds, except as set forth in paragraph (i) above.
- (k) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument set forth on Annex A hereto or filed or incorporated by reference as an exhibit to the Registration Statement or the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018 or any subsequent Quarterly Report on Form 10-Q of the Company or any Current Report on Form 8-K of the Company with an execution or filing date after December 31, 2018 are all indentures, mortgages, deeds of trust, loan agreements or other agreements or instruments that are material to the Company and its subsidiaries taken as a whole.
- (l) The Company has no "significant subsidiaries" within the meaning of Rule 1-02 of Regulation S-X under the 1933 Act.
- (m) The Company (i) is a limited liability company duly organized and validly existing in good standing under the laws of the State of North Carolina and (ii) is duly qualified to do business in each jurisdiction where the failure to be so qualified would materially adversely affect the ability of the Company to perform its obligations under this Agreement, the Mortgage or the Bonds.

3. *Purchase, Sale and Delivery of Bonds.* On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to sell to the Underwriters, and the Underwriters agree, severally and not jointly, to purchase from the Company, at a purchase price of 98.938% of the principal amount of the Bonds plus accrued interest, if any, from March 7, 2019 (and in the manner set forth below), the principal amount of Bonds set forth opposite the name of each Underwriter on Schedule A hereto plus the principal amount of additional Bonds which each such Underwriter

may become obligated to purchase pursuant to the provisions of Section 8 hereof. The Underwriters hereby agree to make a payment to the Company in an aggregate amount equal to \$1,200,000, including in respect of expenses incurred by the Company in connection with the offering of the Bonds.

Payment of the purchase price for the Bonds to be purchased by the Underwriters and the payment referred to above shall be made at the offices of Hunton Andrews Kurth LLP, 200 Park Avenue, 52nd Floor, New York, New York 10166, or at such other place as shall be mutually agreed upon by the Representatives and the Company, at 10:00 a.m., New York City time, on March 7, 2019, or such other time and date as shall be mutually agreed upon in writing by the Company and the Representatives (the "**Closing Date**"). All other documents referred to herein that are to be delivered at the Closing Date shall be delivered at that time at the offices of Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019. Payment shall be made to the Company by wire transfer of immediately available funds, payable to the order of the Company against delivery of the Bonds, in fully registered form, to you or upon your order. The Bonds shall be delivered in the form of one or more global certificates in aggregate denomination equal to the aggregate principal amount of the Bonds upon original issuance, and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**").

4. *Offering by the Underwriters.* It is understood that the several Underwriters propose to offer the Bonds for sale to the public as set forth in the Pricing Disclosure Package and the Prospectus.

5. *Covenants of the Company.* The Company covenants and agrees with the several Underwriters that:

- (a) The Company will cause the Preliminary Prospectus and the Prospectus to be filed pursuant to, and in compliance with Rule 424(b) of the 1933 Act Regulations, and advise the Underwriters promptly of the filing of any amendment or supplement to the Registration Statement, the Preliminary Prospectus or the Prospectus and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.
- (b) If at any time when a prospectus relating to the Bonds (or the notice referred to in Rule 173(a) of the 1933 Act Regulations) is required to be delivered under the 1933 Act any event occurs as a result of which the Pricing Disclosure Package or the Prospectus as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Pricing Disclosure Package or the Prospectus to comply with the 1933 Act, the Company promptly will prepare and file with the Commission an amendment, supplement or an appropriate document pursuant to Section 13 or 14 of the 1934 Act which will correct such statement or omission or which will effect such compliance.

- (c) The Company, during the period when a prospectus relating to the Bonds is required to be delivered under the 1933 Act, will timely file all documents required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act.
- (d) Without the prior consent of the Underwriters, the Company has not made and will not make any offer relating to the Bonds that would constitute a “free writing prospectus” as defined in Rule 405 of the 1933 Act Regulations, other than the Permitted Free Writing Prospectus (as defined below); each Underwriter, severally and not jointly, represents and agrees that, without the prior consent of the Company, it has not made and will not make any offer relating to the Bonds that would constitute a “free writing prospectus” as defined in Rule 405 of the 1933 Act Regulations, other than the Permitted Free Writing Prospectus or a free writing prospectus that is not required to be filed by the Company pursuant to Rule 433 of the 1933 Act Regulations (“**Rule 433**”); such free writing prospectus (which shall include the pricing term sheet discussed in Section 5(e) below), the use of which has been consented to by the Company and the Underwriters, is specified in Item 3 of Schedule B and herein is called the “**Permitted Free Writing Prospectus**.” The Company represents that it has treated and agrees that it will treat the Permitted Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to the Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.
- (e) The Company agrees to prepare a pricing term sheet specifying the terms of the Bonds not contained in the Preliminary Prospectus, substantially in the form of Schedule C hereto and approved by the Representatives on behalf of the Underwriters, and to file such pricing term sheet as an “issuer free writing prospectus” pursuant to Rule 433 prior to the close of business two business days after the date hereof.
- (f) The Company agrees that if at any time following the issuance of the Permitted Free Writing Prospectus any event occurs as a result of which such Permitted Free Writing Prospectus would conflict with the information (not superseded or modified) in the Registration Statement, the Pricing Disclosure Package or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Underwriters and, if requested by the Underwriters, will prepare and furnish without charge to each Underwriter a free writing prospectus or other document, the use of which has been consented to by the Underwriters, which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions made in reliance upon and in conformity with written information furnished to the Company by the Representatives on behalf of the Underwriters specifically for use in the Registration Statement, the Pricing Disclosure Package or the Prospectus.

- (g) The Company will make generally available to its security holders, in each case as soon as practicable but not later than 60 days after the close of the period covered thereby, earnings statements (in form complying with the provisions of Rule 158 under the 1933 Act, which need not be certified by independent certified public accountants unless required by the 1933 Act) covering (i) a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement and (ii) a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the date of this Agreement.
- (h) The Company will furnish to you, without charge, copies of the Registration Statement (three of which will include all exhibits other than those incorporated by reference), the Pricing Disclosure Package and the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you reasonably request.
- (i) The Company will arrange or cooperate in arrangements, if necessary, for the qualification of the Bonds for sale under the laws of such jurisdictions as you designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that the Company shall not be required to qualify as a foreign limited liability company or to file any general consents to service of process under the laws of any state where it is not now so subject.
- (j) The Company will pay all expenses incident to the performance of its obligations under this Agreement including (i) the printing and filing of the Registration Statement and the printing of this Agreement and any Blue Sky Survey, (ii) the preparation and printing of certificates for the Bonds, (iii) the issuance and delivery of the Bonds as specified herein, (iv) the fees and disbursements of counsel for the Underwriters in connection with the qualification of the Bonds under the securities laws of any jurisdiction in accordance with the provisions of Section 5(i) and in connection with the preparation of the Blue Sky Survey (such fees not to exceed \$5,000), (v) the printing and delivery to the Underwriters, in quantities as hereinabove referred to, of copies of the Registration Statement and any amendments thereto, of the Preliminary Prospectus, of the Prospectus, of the Permitted Free Writing Prospectus and any amendments or supplements thereto, (vi) any fees charged by independent rating agencies for rating the Bonds, (vii) any fees and expenses in connection with the listing of the Bonds on the New York Stock Exchange, (viii) any filing fee required by the Financial Industry Regulatory Authority, Inc., (ix) the costs of any depository arrangements for the Bonds with DTC or any successor depository, (x) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Bonds, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the Underwriters and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road

show; provided, however, the Underwriters shall reimburse a portion of the costs and expenses referred to in this clause (x) and (xi) the preparation, execution, filing and recording by the Company of the Supplemental Indenture; and the Company will pay all taxes, if any (but not including any transfer taxes), on the filing and recordation of the Supplemental Indenture.

- (k) Promptly after the Closing Date, the Company will cause the Supplemental Indenture to be recorded in all recording offices in the states of North Carolina and South Carolina in which the property intended to be subject to the lien of the Mortgage is located.

6. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Bonds will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of officers of the Company made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

- (a) The Prospectus shall have been filed by the Company with the Commission pursuant to Rule 424 (b) within the applicable time period prescribed for filing by the 1933 Act Regulations and in accordance herewith and the Permitted Free Writing Prospectus shall have been filed by the Company with the Commission within the applicable time periods prescribed for such filings by, and otherwise in compliance with, Rule 433.
- (b) At or after the Applicable Time and prior to the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose or pursuant to Section 8A of the 1933 Act shall have been instituted or, to the knowledge of the Company or you, shall be threatened by the Commission.
- (c) At or after the Applicable Time and prior to the Closing Date, the rating assigned by Moody's Investors Service, Inc. or S&P Global Ratings (or any of their successors) to any debt securities or preferred stock of the Company as of the date of this Agreement shall not have been lowered.
- (d) Since the respective most recent dates as of which information is given in the Pricing Disclosure Package and the Prospectus and up to the Closing Date, there shall not have been any material adverse change in the condition of the Company, financial or otherwise, except as reflected in or contemplated by the Pricing Disclosure Package and the Prospectus, and, since such dates and up to the Closing Date, there shall not have been any material transaction entered into by the Company other than transactions contemplated by the Pricing Disclosure Package and the Prospectus and transactions in the ordinary course of business, the effect of which in your reasonable judgment is so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the

delivery of the Bonds on the terms and in the manner contemplated by the Pricing Disclosure Package and the Prospectus.

- (e) You shall have received an opinion of Robert T. Lucas III, Esq., Deputy General Counsel of Duke Energy Business Services LLC, the service company subsidiary of Duke Energy Corporation (who in such capacity provides legal services to the Company) (or other appropriate counsel reasonably satisfactory to the Representatives, which may include Duke Energy Corporation's other "in house" counsel), dated the Closing Date, to the effect that:
- (i) The Company has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of North Carolina, with power and authority (limited liability company and other) to own its properties and conduct its business as described in the Pricing Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement.
 - (ii) The Company is duly qualified to do business in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except where the failure to so qualify, considering all such cases in the aggregate, does not have a material adverse effect on the business, properties, financial condition or results of operations of the Company.
 - (iii) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the 1933 Act.
 - (iv) The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and such counsel does not know of any litigation or any legal or governmental proceeding instituted or threatened against the Company or any of its properties that would be required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and is not so disclosed.
 - (v) This Agreement has been duly authorized, executed and delivered by the Company.
 - (vi) The issue and sale of the Bonds by the Company and the execution, delivery and performance by the Company of this Agreement, the Mortgage and the Bonds will not contravene any of the provisions of the Articles of Organization or the Operating Agreement, the North Carolina

Limited Liability Company Act or any statute or any order, rule or regulation of which such counsel is aware of any court or governmental agency or body having jurisdiction over the Company or any of its property, nor will such action conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement or other agreement to which the Company is a party or by which it or its property is bound or to which any of its property or assets is subject or any instrument filed or incorporated by reference as an exhibit to the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018 or any subsequent Quarterly Report on Form 10-Q or any Current Report on Form 8-K of the Company with an execution or filing date after December 31, 2018 or identified in Annex A to this Agreement, which affects in a material way the Company's ability to perform its obligations under this Agreement, the Mortgage or the Bonds.

- (vii) The North Carolina Utilities Commission and the Public Service Commission of South Carolina have issued appropriate orders with respect to the issuance and sale of the Bonds in accordance with this Agreement, and, to the best of such counsel's knowledge, such orders are still in effect and the issuance and sale of the Bonds to the Underwriters are in conformity with the terms of such orders; and no other authorization, approval or consent of any other governmental body (other than in connection or compliance with the provisions of the securities or Blue Sky laws of any jurisdiction) is legally required for the issuance and sale of the Bonds pursuant to this Agreement.
- (viii) The Mortgage has been duly authorized, executed and delivered by the Company and qualified under the 1939 Act, and, assuming the due authorization, execution and delivery thereof by the Trustees, constitutes a valid and legally binding instrument of the Company, enforceable against the Company in accordance with its terms, except (x) as the same may be limited by the laws of the States of North Carolina and South Carolina (in which States all physical property of the Company subject to the Mortgage is located except for certain interconnection lines) with respect to or affecting the remedies to enforce the security provided by the Mortgage, which laws do not make inadequate the remedies necessary for the realization of the benefits of such security, and (y) that the provisions of the Mortgage subjecting to the lien thereof the revenues and income from the mortgaged property may not be effective prior to the delivery or taking of possession of such revenues or income or of the mortgaged property by or on behalf of the Trustees.
- (ix) The Bonds have been duly authorized, executed and issued by the Company and, when the same have been authenticated by the Corporate Trustee as specified in the Mortgage and delivered against payment therefor, will constitute valid and legally binding obligations of the

Company enforceable against the Company in accordance with their terms, and are entitled to the benefits and security afforded by the Mortgage in accordance with the terms of the Mortgage and the Bonds, except as set forth in paragraph (viii) above.

- (x) The Company has good title to all properties owned by it, subject only (a) to the lien of the Mortgage, (b) to Excepted Encumbrances as defined in the Mortgage, (c) to minor exceptions and defects which do not, in the aggregate, materially interfere with the use by the Company of such properties for the purposes for which they are held, materially detract from the value of said properties or in any material way impair the security afforded by the Mortgage, (d) in the case of the Company's existing hydroelectric plants, to provisions of licenses issued by the Federal Power Commission or the Federal Energy Regulatory Commission and to the provisions of the Federal Power Act and (e) to certain rights-of-way over private property on which are located transmission and distribution lines formerly owned by the Tide Water Power Company (merged into the Company on February 29, 1952).
- (xi) The Mortgage complies as to form with all applicable laws of the states wherein the properties subjected or intended to be subjected to the lien of the Mortgage are located, including all applicable recording laws, and constitutes a valid, direct first mortgage lien on all properties and franchises purported to be owned by the Company, except such property as is specifically excepted from the lien thereof, subject only to the liens, charges and encumbrances stated in paragraph (x) above; all fixed electric properties hereafter acquired by the Company will, upon such acquisition, become subject to the lien of the Mortgage, subject, however, to liens or charges of the character permitted to exist by the Mortgage, and to liens, if any, existing or placed on such property at the time of the acquisition thereof by the Company, and the description of such property and franchises in the Mortgage is adequate to constitute a lien on such property and franchises of the Company except as aforesaid.
- (xii) The Original Mortgage and the supplemental indentures thereto, other than the Supplemental Indenture, have been duly recorded or filed for recordation in all such offices as are necessary to perfect and to preserve and protect the lien of the Mortgage upon the property intended to be subjected to the lien thereof, and upon the filing and recording of the Supplemental Indenture, no other recording or any periodic or other refile or rerecording of the Mortgage is or will be required in order to perfect and to preserve and protect the lien of the Mortgage upon such property, and there are no mortgage, recording or other taxes required to be paid in connection with such filing and recording or in connection with the issuance of the Bonds other than customary filing and recording fees.

- (xiii) No consent, approval, authorization, order, registration or qualification of or with any federal, North Carolina or South Carolina governmental agency or body or, to such counsel's knowledge, any federal or North Carolina court, which has not been obtained or taken and is not in full force and effect, is required to authorize or for the Company to consummate the transactions contemplated by this Agreement, except for such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds by the Underwriters.

Such counsel may state that such counsel's opinions in paragraphs (viii) and (ix) above are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting mortgagees' or other creditors' rights generally, and by general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing. Such counsel may also state that such counsel's opinion in paragraph (x) above is based upon the Company's title insurance. Such counsel shall state that nothing has come to such counsel's attention that has caused such counsel to believe that each document incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, when filed, was not, on its face, appropriately responsive, in all material respects, to the requirements of the 1934 Act and the 1934 Act Regulations. Such counsel shall also state that nothing has come to such counsel's attention that has caused such counsel to believe that (i) the Registration Statement, as of the effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Pricing Disclosure Package at the Applicable Time contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) that the Prospectus or any amendment or supplement thereto, as of their respective dates, or at the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such counsel may also state that, except as otherwise expressly provided in such opinion, such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in or incorporated by reference into the Registration Statement, the Pricing Disclosure Package or the Prospectus and does not express any opinion or belief as to (i) the financial statements or other financial and accounting data contained or incorporated by reference therein, or excluded therefrom including XBRL interactive data, (ii) the statements of the eligibility and qualification of the Trustees included in the Registration Statement (the "**Forms T-1 and T-2**") or (iii) the information in the Prospectus under the caption "Book-Entry System."

In rendering the foregoing opinion, such counsel may state that such counsel does not express any opinion concerning any law other than the law of the State of North Carolina or, to the extent set forth in the foregoing opinions, the federal securities laws and the law of the State of South Carolina and may rely as to all matters of the law of the State of South Carolina on the opinion of Karol P. Mack, Esq., Associate General Counsel of Duke Energy Business Services LLC, the service company subsidiary of Duke Energy Corporation (who in such capacity

provides legal services to the Company), or other appropriate counsel reasonably satisfactory to the Representatives, which may include Duke Energy Corporation's other "in-house" counsel. Such counsel may also state that such counsel has relied as to certain factual matters on information obtained from public officials, officers of the Company and other sources believed by such counsel to be responsible.

- (f) You shall have received an opinion of Hunton Andrews Kurth LLP, counsel to the Company, dated the Closing Date, to the effect that:
 - (i) The statements set forth (i) under the caption "Description of First Mortgage Bonds" in the Base Prospectus and (ii) under the caption "Description of the Mortgage Bonds" in the Pricing Disclosure Package and the Prospectus, insofar as they purport to summarize certain provisions of the Mortgage and the Bonds, fairly summarize such provisions in all material respects.
 - (ii) No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required for, the execution or delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby.
 - (iii) The Company is not and, solely after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the Prospectus, will not be subject to registration and regulation as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.
 - (iv) The execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated thereby, including the issuance and sale of the Bonds, will not violate or conflict with, or result in any contravention of, any Applicable Laws of the States of North Carolina and New York.
 - (v) The statements set forth in the Pricing Disclosure Package and the Prospectus under the caption "Underwriting (Conflicts of Interest)," insofar as such statements purport to summarize certain provisions of this Agreement, fairly summarize such provisions in all material respects.
 - (vi) The statements set forth in the Pricing Disclosure Package and the Prospectus under the caption "Certain U.S. Federal Income Tax Considerations for Non-U.S. Holders," insofar as such statements purport to constitute summaries of matters of United States federal income tax law, constitute accurate and complete summaries, in all material respects, subject to the qualifications set forth therein.

In rendering the foregoing opinions, Hunton Andrews Kurth LLP may state that
 (i) "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, qualification or

registration with, any Governmental Authority required to be made or obtained by the Company pursuant to Applicable Laws, other than any consent, approval, license, authorization, validation, filing, qualification or registration that may have become applicable as a result of the involvement of any party (other than the Company) in the transactions contemplated by this Agreement or because of such parties' legal or regulatory status or because of any other facts specifically pertaining to such parties; (ii) "Governmental Authorities" means any court, regulatory body, administrative agency or governmental body of the States of North Carolina and New York having jurisdiction over the Company under Applicable Laws and the Federal Energy Regulatory Commission, but excluding the North Carolina Utilities Commission and the New York State Public Service Commission; and (iii) "Applicable Laws" means those laws, rules and regulations of the States of North Carolina and New York that, in such counsel's experience, are normally applicable to transactions of the type contemplated by this Agreement (other than state securities or blue sky laws, antifraud laws, the rules and regulations of the Financial Industry Regulatory Authority, Inc., the North Carolina Public Utilities Act, the rules and regulations of the North Carolina Utilities Commission and the New York State Public Service Commission and the New York State Public Service Law), but without such counsel having made any special investigation as to the applicability of any specific law, rule or regulation, and the Federal Power Act and the rules and regulations of the Federal Energy Regulatory Commission thereunder. In addition, such counsel may state that they have relied as to certain factual matters on information obtained from public officials, officers and representatives of the Company and that the signatures on all documents examined by them are genuine, assumptions which such counsel have not independently verified.

You shall also have received a statement of Hunton Andrews Kurth LLP, dated the Closing Date, to the effect that:

(i) no facts have come to such counsel's attention that have caused such counsel to believe that the documents filed by the Company under the 1934 Act and the 1934 Act Regulations that are incorporated by reference in the preliminary prospectus supplement that forms a part of the Pricing Disclosure Package and the Prospectus, when filed, were not, on their face, appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom or compliance with XBRL interactive data requirements), (ii) the Registration Statement, at the Applicable Time, and the Prospectus, as of its date, appeared, on their face, to be appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act

Rules and Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements, or that part of the Registration Statement that constitutes the statement of eligibility on the Forms T-1 and T-2) and (iii) no facts have come to such counsel's attention that have caused such counsel to believe that the Registration Statement, at the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, or compliance with XBRL interactive data requirements, or that part of the Registration Statement that constitutes the statement of eligibility on the Forms T-1 and T-2). Such counsel shall further state that, in addition, no facts have come to such counsel's attention that have caused such counsel to believe that the Pricing Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, or compliance with XBRL interactive data requirements).

In addition, such statement shall confirm that the Prospectus has been filed with the Commission within the time period required by Rule 424 of the 1933 Act Regulations and any required filing of the Permitted Free Writing Prospectus pursuant to Rule 433 of the 1933 Act Regulations has been filed with the Commission within the time period required by Rule 433 (d) of the 1933 Act Regulations. Such statement shall further state that assuming the accuracy of the factual matters contained in the representations and warranties of the Company set forth in Section 2(d) of this Agreement, the Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations and, pursuant to Section 309 of the 1939 Act, the Mortgage has been qualified under the 1939 Act, and that based solely on such counsel's review of the Commission's website, no stop order suspending the effectiveness of the Registration Statement has been issued and, to such counsel's knowledge, no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

In addition, such counsel may state that such counsel does not pass upon, or assume any responsibility for, the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement, the Pricing Disclosure Package or the Prospectus and has made no independent check or verification thereof (except to the limited extent referred to in Section 6(f)(i) above).

- (g) You shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, dated the Closing Date, with respect to such matters as you may reasonably request, and the Company shall have furnished to such counsel such documents as it may request for the purpose of enabling it to pass upon such matters. In giving its opinion, Sidley Austin LLP may rely on the opinion of Robert T. Lucas III, Esq. as to matters of North Carolina law and on the opinion of Karol P. Mack, Esq. (or other appropriate counsel reasonably satisfactory to the Representatives, which may include Duke Energy Corporation's other "in house" counsel), as to matters of South Carolina law.
- (h) On or after the date hereof, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally or of the securities of the Company or Duke Energy Corporation, on the New York Stock Exchange; or (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities or a material disruption in commercial banking services or securities settlement or clearance services in the United States; or (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this subsection (h) in your reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus. In such event there shall be no liability on the part of any party to any other party except as otherwise provided in Section 7 hereof and except for the expenses to be borne by the Company as provided in Section 5(j) hereof.
- (i) You shall have received a certificate of the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary and any financial or accounting officer of the Company, dated the Closing Date, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct as of the Closing Date, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date, that the conditions specified in Section 6(c) and Section 6(d) have been satisfied, and that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened by the Commission.
- (j) At the time of the execution of this Agreement, you shall have received a letter dated such date, in form and substance satisfactory to you, from Deloitte &

Touche LLP, the Company's independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Pricing Disclosure Package and the Prospectus, including specific references to inquiries regarding any increase in long-term debt (excluding current maturities), decrease in net current assets (defined as current assets less current liabilities) or member's equity, and decrease in operating revenues or net income for the period subsequent to the latest financial statements incorporated by reference in the Registration Statement when compared with the corresponding period from the preceding year, as of a specified date not more than three business days prior to the date of this Agreement.

- (k) At the Closing Date, you shall have received from Deloitte & Touche LLP, a letter dated as of the Closing Date, to the effect that it reaffirms the statements made in the letter furnished pursuant to subsection (j) of this Section 6, except that the specified date referred to shall be not more than three business days prior to the Closing Date.

The Company will furnish you with such conformed copies of such opinions, certificates, letters and documents as you reasonably request.

7. *Indemnification.* (a) The Company agrees to indemnify and hold harmless each Underwriter, their respective officers and directors, and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act, as follows:

- (i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) including the Rule 430B Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or the Permitted Free Writing Prospectus, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Company by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or the Permitted Free Writing Prospectus;

- (ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and
- (iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) of this subsection 7(a).

In no case shall the Company be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Company shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Company shall not relieve it from any liability which it may have otherwise than under subsections 7(a) and 7(d). The Company shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, or defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Company and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Company and such Underwriter or such controlling person shall have been advised by such counsel that a conflict of interest between the Company and such Underwriter or such controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Company agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Company within the meaning of Section 15 of the 1933 Act, in connection with the sale of the Bonds.

- (b) Each Underwriter severally and not jointly agrees that it will indemnify and hold harmless the Company, its directors and each of the officers of the Company who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act to the same extent as the indemnity contained in subsection (a) of this Section 7, but only with respect

to statements or omissions made in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or the Permitted Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or the Permitted Free Writing Prospectus. In case any action shall be brought against the Company or any person so indemnified based on the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or the Permitted Free Writing Prospectus and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section 7.

- (c) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding, and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.
- (d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party in respect of any and all loss, liability, claim, damage and expense whatsoever (or actions in respect thereof) that would otherwise have been indemnified under the terms of such indemnity, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total compensation received by the Underwriters in respect of the underwriting discount as set forth

in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Bonds underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute are several in proportion to their respective underwriting obligations and not joint.

8. *Default by One or More of the Underwriters.* (a) If any Underwriter shall default in its obligation to purchase the principal amount of the Bonds which it has agreed to purchase hereunder on the Closing Date, you may in your discretion arrange for you or another party or other parties to purchase such Bonds on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Bonds, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Bonds on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Bonds, or the Company notifies you that it has so arranged for the purchase of such Bonds, you or the Company shall have the right to postpone such Closing Date for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement, the Pricing Disclosure Package or the Prospectus which may be required. The term "**Underwriter**" as used in this Agreement shall include any person substituted under this Section 8 with like effect as if such person had originally been a party to this Agreement with respect to such Bonds.

- (b) If, after giving effect to any arrangements for the purchase of the Bonds of a defaulting Underwriter or Underwriters by you or the Company as provided in subsection (a) above, the aggregate amount of such Bonds which remains

unpurchased does not exceed one-tenth of the aggregate amount of all the Bonds to be purchased at such Closing Date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the amount of Bonds which such Underwriter agreed to purchase hereunder at such Closing Date and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the amount of Bonds which such Underwriter agreed to purchase hereunder) of the Bonds of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

- (c) If, after giving effect to any arrangements for the purchase of the Bonds of a defaulting Underwriter or Underwriters by you or the Company as provided in subsection (a) above, the aggregate amount of such Bonds which remains unpurchased exceeds one-tenth of the aggregate amount of all the Bonds to be purchased at such Closing Date, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase the Bonds of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company as provided in Section 5(j) hereof and the indemnity and contribution agreement in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. *Representations and Indemnities to Survive Delivery.* The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or the Company, or any of their respective officers or directors or any controlling person referred to in Section 7 hereof, and will survive delivery of and payment for the Bonds.

10. *Reliance on Your Acts.* In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the Company shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives.

11. *No Fiduciary Relationship.* The Company acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Company on the one hand, and the Underwriters on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company or its shareholders, creditors, employees, or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and

their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the transaction contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

12. *Recognition of the U.S. Special Resolution Regimes.*

- (i) In the event that any Underwriter that is a Covered Entity (as defined below) becomes subject to a proceeding under a U.S. Special Resolution Regime (as defined below), the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.
- (ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate (as defined below) of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights (as defined below) under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 12:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

13. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed or telecopied and confirmed to Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attn: Syndicate Registration (Fax No.: (646) 834-8133); J.P. Morgan Securities LLC, 383 Madison Avenue, 3rd Floor, New York, New York 10179, Attn: Investment Grade Syndicate Desk (Fax No.: (212) 834-6081); Mizuho Securities USA

LLC, 320 Park Avenue, 12th Floor, New York, New York 10022, Attn: Debt Capital Markets Desk (Fax No.: (212) 205-7812); and Wells Fargo Securities, LLC, 550 South Tryon Street, 5th Floor, Charlotte, North Carolina 28202, Attn: Transaction Management (Fax No.: (704) 410-0326); or, if sent to the Company, will be mailed or telecopied and confirmed to it at 550 North Tryon Street, Charlotte, North Carolina 28202, Attention: John L. Sullivan, III, Assistant Treasurer, Telephone: (980) 373-3564, (Fax No.: (980) 373-4723). Any such communications shall take effect upon receipt thereof.

14. *Business Day.* As used herein, the term “business day” shall mean any day when the Commission’s office in Washington, D.C. is open for business.

15. *Successors.* This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons, officers and directors referred to in Section 7 and their respective successors, heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons, officers and directors and their respective successors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Bonds from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

16. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

17. *Applicable Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

If the foregoing is in accordance with your understanding, kindly sign and return to us two counterparts hereof, and upon confirmation and acceptance by the Underwriters, this letter and such confirmation and acceptance will become a binding agreement between the Company, on the one hand, and each of the Underwriters, on the other hand, in accordance with its terms.

Very truly yours,

DUKE ENERGY PROGRESS, LLC

By: /s/ John L. Sullivan, III
Name: John L. Sullivan, III
Title: Assistant Treasurer

[Remainder of page left blank intentionally]

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

Barclays Capital Inc.
J.P. Morgan Securities LLC
Mizuho Securities USA LLC
Wells Fargo Securities, LLC

On behalf of each of the Underwriters

Barclays Capital Inc.

By: /s/ Robert Stowe
Name: Robert Stowe
Title: Managing Director

J.P. Morgan Securities LLC

By : /s/ Robert Bottamedi
Name: Robert Bottamedi
Title: Executive Director

Mizuho Securities USA LLC

By: /s/ John J. McCabe
Name: John J. McCabe
Title: Managing Director

Wells Fargo Securities, LLC

By: /s/ Carolyn Hurley
Name: Carolyn Hurley
Title: Director

For themselves and as Representatives of the several Underwriters named on Schedule A hereto.

SCHEDULE A

Underwriter	Principal Amount of Bonds to be Purchased
Barclays Capital Inc.	\$ 135,000,000
J.P. Morgan Securities LLC	135,000,000
Mizuho Securities USA LLC	135,000,000
Wells Fargo Securities, LLC	135,000,000
Regions Securities LLC	27,000,000
Santander Investment Securities Inc.	27,000,000
Academy Securities, Inc.	3,000,000
C.L. King & Associates, Inc.	3,000,000
Total	\$ 600,000,000

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SCHEDULE B

PRICING DISCLOSURE PACKAGE

- 1) Base Prospectus
- 2) Preliminary Prospectus Supplement dated March 4, 2019
- 3) Permitted Free Writing Prospectus
 - a) Pricing Term Sheet attached as Schedule C hereto

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SCHEDULE C

Filed pursuant to Rule 433
March 4, 2019
Relating to
Preliminary Prospectus Supplement dated March 4, 2019
to
Prospectus dated January 26, 2017
Registration Statement No. 333-213765-01

Duke Energy Progress, LLC
\$600,000,000 First Mortgage Bonds, 3.45% Series due 2029

Pricing Term Sheet

Issuer:	Duke Energy Progress, LLC
Trade Date:	March 4, 2019
Settlement Date:	March 7, 2019 (T+3)
Security Description:	First Mortgage Bonds, 3.45% Series due 2029 (the “Bonds”)
Principal Amount:	\$600,000,000
Interest Payment Dates:	March 15 and September 15 of each year, beginning on September 15, 2019
Maturity Date:	March 15, 2029
Benchmark Treasury:	2.625% due February 15, 2029
Benchmark Treasury Yield:	2.719%
Spread to Benchmark Treasury:	+ 78 bps
Yield to Maturity:	3.499%
Coupon:	3.45%
Price to Public:	99.588% per Bond, plus accrued interest, if any, from March 7, 2019
Redemption Provisions:	At any time before December 15, 2028 (which is the date that is three months prior to maturity of the Bonds (the “Par Call Date”)), the issuer will have the right to redeem the Bonds, in whole or in part and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Bonds being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds being redeemed that would be due if the Bonds matured on the Par Call Date (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-

day months) at the treasury rate plus 15 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, such redemption date.

At any time on or after the Par Call Date, the issuer will have the right to redeem the Bonds, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed plus accrued and unpaid interest on the principal amount of the Bonds being redeemed to, but excluding, such redemption date.

CUSIP / ISIN: 26442U AH7 / US26442UAH77

Joint Book-Running Managers: Barclays Capital Inc.
J.P. Morgan Securities LLC
Mizuho Securities USA LLC
Wells Fargo Securities, LLC

Co-Managers: Regions Securities LLC
Santander Investment Securities Inc.

Junior Co-Managers: Academy Securities, Inc.
C.L. King & Associates, Inc.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll free at (888) 603-5847, J.P. Morgan Securities LLC at (212) 834-4533 (collect), Mizuho Securities USA LLC toll free at (866) 271-7403 and Wells Fargo Securities, LLC toll free at (800) 645-3751.

Annex A

Material Agreements

Credit Agreement, dated as of December 20, 2013, among Duke Energy Progress Receivables LLC, the Conduit Lenders, Committed Lenders and Managing Agents from time to time parties thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent as amended from time to time, including by Amendment No. 3 to Credit Agreement, dated as of February 22, 2018, by and among Duke Energy Progress Receivables LLC, the Committed Lenders, the Conduit Lenders and Managing Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Administrative Agent.

Servicing Agreement, dated as of December 20, 2013, among Duke Energy Progress Receivables LLC, as Buyer, Duke Energy Progress, Inc., as initial Servicer, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent.

Receivables Purchase Agreement, dated as of December 20, 2013, between Duke Energy Progress, Inc., as Seller, and Duke Energy Progress Receivables LLC, as Buyer.

Omnibus Amendment No. 2 to Transaction Documents, dated as of February 12, 2016, by and among Duke Energy Progress Receivables LLC, as Borrower, Duke Energy Progress LLC, as Servicer and Originator, the Committed Lenders, the Conduit Lenders and the Managing Agents, and the Bank of Tokyo — Mitsubishi UFJ, Ltd, New York Branch, as administrative agent.
